THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

Why the Rolling Stock Is Not Rolling Out of Tsinanfu

By Edgar Snow

Problem and Possibilities for Military Reorganization

How Macao Lost Her Commercial Supremacy

By J. A. J.

The Proposed National Land-Tax Law

By Harry Paxton Howard

Tariff Autonomy and National Reconstruction

By Kan Lee

Chinese Reaction to Edwardes' Resignation!

評論報

SATURDAY, JANUARY 12, 1929

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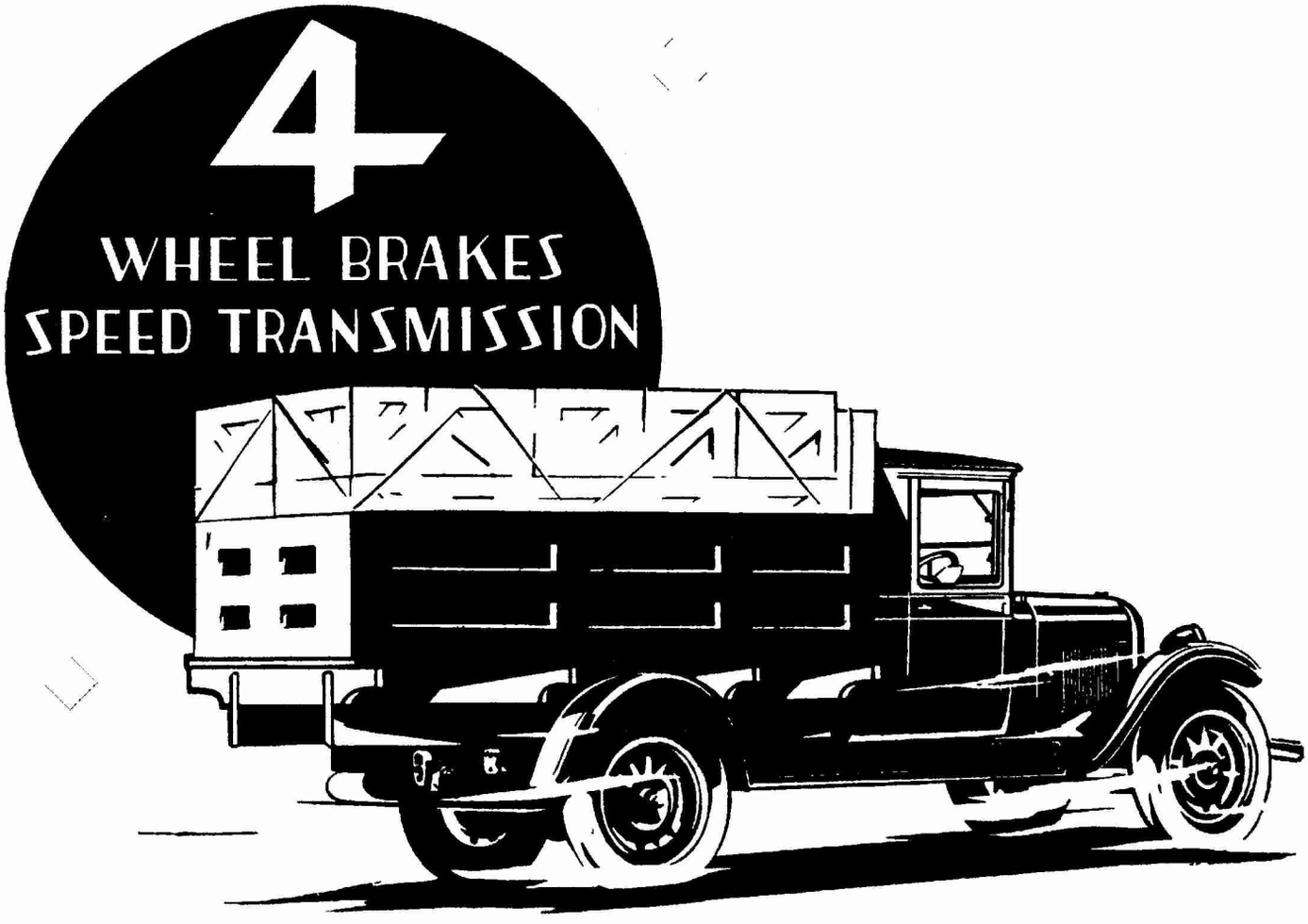

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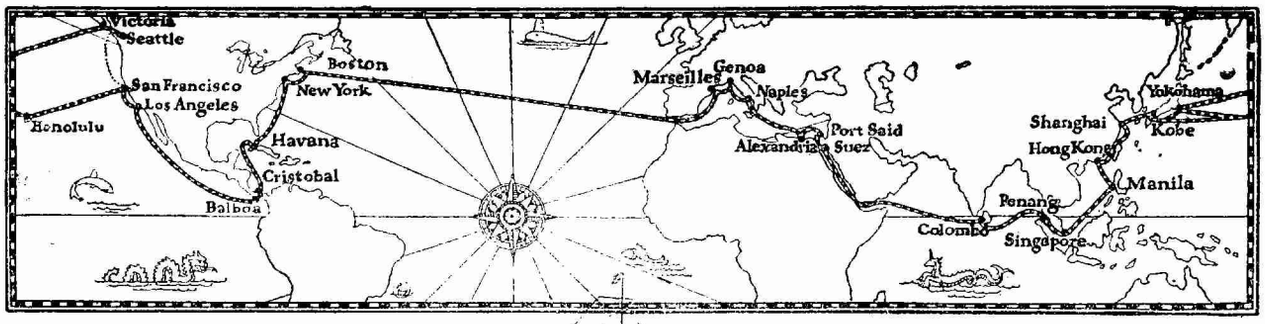

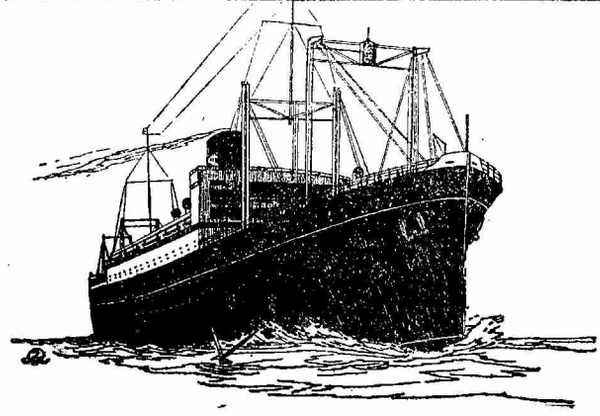

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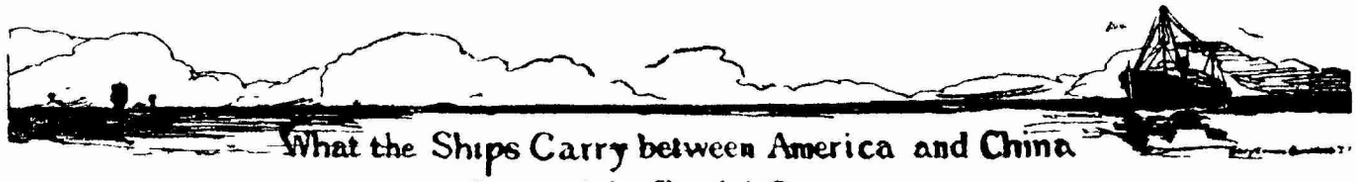

What the Ships Carry between America and China

Return of the Shanghai Customs

Pls —1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces, Mille—thousands; Hk. Tls.—Haikwan Tls.; Jan. Customs Rate Tls. 1.41 equal Gold $1

PRESIDENT HARRISON, Nov. 27. From U. S. A.

Cotton Cloth, Unclassed	Yds.	1,475
Yarn-dyed	,,	634
Waterproof Cloth	Pls.	8
Cotton Yarn, Mercerised	,,	363
Aluminium Sheets	,,	7
Brass Screws	,,	25
Iron Bolts and Nuts	,,	16
Iron Hoops		
Iron, Galvanized:		
Pipe Fittings	,,	5
Steel, Nuts	,,	7
Steel, Washers	,,	143
Steel Shattings	,,	9
Steel Screws	,,	90
Steel, Galvanized:		
Wire Shorts	,,	420
Canned Asparagus	,,	9
Canned Fruits	,,	242
Apples, Dried	,,	8
Cement	,,	282
Cuttle-fish, Dried	,,	147
Grapes, Fresh	,,	100
Grease, Lubricating, Mineral	,,	115
Ink, Printing	,,	251
Indigo Paste, Artificial:		
20 per cent	,,	3,368
20 per cent	,,	63
Leather, Calf Coloured	,,	4
Leather, Kid, Coloured	,,	1
Oranges, Fresh	,,	82
Paints, Unclassed	,,	49
Paper, Printing	,,	9
Paper, Writing	,,	80
Paper, Unclassed	,,	94
Shrimps, Dried	,,	20
Soap Laundry	,,	8
Sulphur Black	,,	2,342
Ultramarine	,,	6
Iron, Bedsteads	Pcs.	156
Machines, Calculating	,,	27
Machines, Knitting	,,	25
Motor-cars	,,	14
Motor-trucks	,,	1
Scales	,,	50
Typewriters	,,	99
Coffee	Catties	54
Socks	,,	131
Stockings	,,	35
Files	,,	965
Milk, Malted	,,	153
Oil, Lubricating, Mineral	Galls	10,881
Paints, Unclassed	,,	2,224
Varnishes	,,	1,767
Rum (Sobejo)	,,	5,123
Cigarettes	Mille	410
Shoes, Canvas	Paris	3,554
Treasure:		
Gold Bars	Hk.Tls.	79,218
Silver Bars	,,	1,961,721
Dyes, Aniline Pkgs.	137 ,,	7,310
Infants' Food	,,	14,649
Motor-cars, Parts of	,,	19,988
Motor trucks, Parts of	,,	1,222
Machinery	,,	158,496

PRESIDENT ADAMS, Oct. 30. from U. S. A.

Cotton Cambrics, White, 46 in. by 12 yd.	Pcs.	801
Bedsteads	,,	36
Machines Knitting	,,	112
Motor-cars	,,	10
Motor-cycles	,,	1
Scales	,,	271
Typewriters	,,	76
Woollen Felt	Yds	89
Cotton Knitted Clothing, Raised	Pls.	67
Cotton Thread, Embroidery	,,	3
Woollen Yarn	,,	2
Wool and Cotton Yarn	,,	2
Aluminium-foil	,,	38
Aluminium Sheets	,,	387
Aluminium Wire	,,	15
Iron Bolts and Nuts	,,	16
Iron Hoops	,,	32
Iron Pipe Fittings	,,	17
Lead, Pig	,,	1,680
Steel, Galvanized:		
Wire Shorts	,,	371
Steel Bar Ends	,,	575
Steel Screws	,,	2
Steel Washers	,,	17
Tinfoil	,,	2
Acid, Unclassed	,,	17
Asphaltum	,,	3
Awabi, in bulk	,,	73
Bronze Powder	,,	20
Canned Asparagus	,,	55
Canned Fruits, Table and Pie	,,	557
Cement	,,	141
Cordage and Twine	,,	2
Grapes, Fresh	,,	103
Grease, Lubricating, Mineral	,,	159
Indigo Paste, Artificial:		
Reduced, 50 per cent	,,	67
Leather, Sole (Shoulders and Bellies)	,,	185
Leather, Sole, other kinds	,,	38
Leather, Calf	,,	8
Leather, Cow, Patent	,,	4
Macaroni, in bulk	,,	37
Milk, Evaporated	,,	94
Newspapers, Old	,,	420
Oranges, Fresh	,,	216
Paints, Unclassed	,,	53
Paper, Chipboard	,,	968
Paper, Wrapping	,,	19
Paper, Writing	,,	216
Paper, Unclassed	,,	16
Prunes, Dried	,,	153
Raisins	,,	1,894
Sausages	,,	4
Seed, Bird	,,	9
Sharks' Fins, not Prepared	,,	9
Shrimps, Dried	,,	41
Soda Ash	,,	756
Soda Silicate of	,,	301
Sugar, White	,,	72
Tobacco Leaf	,,	1,706
Tobacco, Prepared, in Tins	,,	2
Files	Doz.	670
Gloves	,,	25
Stockings	,,	48
Shoes and Boots	Pairs	1,524
Cigarettes	Mille	270
Oil, Lubricating, Mineral	Galls.	69,347
Paints:		
Varnishes	,,	102
Unclassed	,,	1,500
Rum, in bulk, for Industrial Purposes	,,	3,122
Infants' Food	Hk.Tls.	11,298

Latest New York Stock Exchange Quotations

Swan, Culbertson & Fritz. Tel. 18891-18990 Jan. 9
Market Mixed Business done, 3,750,000 Shares.

STOCK	Monday Jan. 7	Tuesday Jan. 8
Allied Chemical & Dye (Common)	245	242½
American Can (Common)	116	115½
American Smelting	287⅞	287⅞
American Telephone & Tel. (Common)	194⅞	194¼
American Tobacco "B"	176	Mult.
Armour & Co. "A"	16⅞	16⅞
Armour & Co. (Ill.) 7% Pfd.	Mult.	None
Anaconda Copper	119¼	118¼
Bank of Montreal	394	394
Barnsdall Corp. "A"	44½	43⅝
Bethlehem Steel (Common)	83¾	83
Bethlehem Steel, 7% Pfd.	122	122½
Brooklyn-Manhattan Transit	74¼	75
Calumet & Hecla	45⅜	45
Campe Corp.	100	100
Canadian Pacific Railway	235	238
Cavanaugh Dobbs	32	32
Chile Copper	72⅜	72⅛
Chrysler	124½	122⅜
Consolidated Gas of New York	104⅜	104⅞
Coty Incorporated	72	72½
Davison Chemical	62¼	62½
Du Pont de Nemours E. I. (Common)	495	405¼
Eastman Kodak	183	182
Fox Film "A"	94⅝	94⅛
General Cigar	66½	63¼
General Electric Co.	227	239
General Motors	197½	195½
General Railway Signal (Com.)	99	99¾
Gold Dust	Mult.	75
Granby Consolidated	86⅞	86½
Haygart	47¼	47
Hudson Motor Car	86¼	85⅝
International Cement (Common)	90	91½
International Match, Pfd.	98	95⅝
International Nickel (Common)	55	53
International Printers Ink	58⅛	58
International Products Corp. (Common)	13	None
International Products Corp., Pfd.	None	None
Kelvinator	15½	15¼
Kennecott Copper	155¾	155¼
Lake Superior Corp.	17¾	17⅞
Liggett & Myers, Class "B"	89⅝	89⅛
Lorillard Company (Common)	25½	25½
Mack Trucks	105½	105
Madison Square Garden	19¾	19⅛
Maytag Co.	23¾	24
Missouri Pacific (Com.)	Mult.	64¼
National Dairy Products	128⅞	128
Nevada Consolidated Coppor	42¼	41¼
Pacific Gas & Electric Co.	53¾	54¾
Packard Motor Car Co. (Common)	144	141¼
Pennsylvania Railroad	77⅜	77⅛
Phillips Petroleum	44½	43¾
Radio Corporation	366	359
Reynolds Tobacco, "B"	157½	155
Sbell Union Oil	28⅞	28½
Standard Gas & Electric (Common)	83¾	84¾
Standard Oil of California	71	70¼
Standard Oil of New Jersey	53⅛	52⅞
Standard Oil of New York	43⅛	42⅜
Texas Corporation (Common)	65⅞	64¾
Texas Gulf Sulphur	77	77⅜
Timken Roller Bearing	146½	146
Trans-America Corp.	131½	131¼
Union Carbide	198	198¾
Union Pacific Railroad (Common)	218⅞	217¼
U. S. Inter. Security Pfd.	100	100
United States Leather	59	57⅜
United States Realty & Imp Co.	81⅛	82
United States Rubber (Common)	42½	45¼
United States Steel	159½	158¾
Vanadium Corp.	97⅜	96½
Westinghouse Elec. (Com)	142½	143⅜
Willys Overland Co.	32⅜	32⅝
Wright Aeronautical	267¾	260⅛

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, well commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow known as the *"Garden City of the Orient"*, Wusih, the pictureque city on Lake Tai-hu, Chinkiang, the *"Gate of the Yangtze River"*, and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with its picturesque surroundings that it has been well called the *"Switzerland of China"*. Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai at Shanghai North Station.

47-322

Chinese Government Railways

Peiping-Hankow Line

"The Road Through the Heart of China"

For the safety of the travelling public, guard vans with armed police are provided for every train and more than 400 armed railway policemen are on duty at the various large stations.

To facilitate the passengers in making fast connections, local trains are run between Chengchow and Chang Teh and between Hankow and Kouang Choei.

To meet the demands of the travelling public, third class tickets are sold on the Special Express Trains running between Hankow and Chengchow with only a small additional charge.

For the comfort and convenience of the passengers, the Dining and Sleeping cars are newly embellished with all modern improvements.

For quick transportation of goods, many additional freight trains are scheduled under the supervision of our Traffic Department.

In spite of the urgent demand for troop trains, our regular trains are always operated on scheduled time.

TIME TABLE

TRAIN	DEPART FROM	ARRIVE AT
* 1 Express	Hankow (T.C.M.) Every Monday 10 P.M.	Chengchow Every Tues. 6:55 P.M.
+ 2 Express	Chengchow Every Thurs. 10 P.M.	Hankow (T.C.M.) Every Fri. 8:40 P.M.
‡ 5 Local	Hankow (T.C.M.) 6:10 P.M. Daily	Chengchow 6:43 A.M. Third Day
6 Local	Chengchow 7:15 P.M. Daily	Hankow (T.C.M.) 6:48 A.M. Third Day
51 Local	Chengchow 8:00 A.M. Daily	Chang Teh 5:00 P.M.
52 Local	Chang Teh 8:23 A.M. Daily	Chengchow 5:45 P.M,
74 Local	Hankow (Y.T.M.) 7:30 A.M. Daily	Kouang Choei 1:38 P.M.
75 Local	Kouang Choei 8:00 A.M. Daily	Hankow (Y.T.M.) 2:10 P.M.

REMARKS: *With First and Second Class Sleeping and Dining Cars. +Third Class tickets are sold on this train with a small additional charge. ‡With 1st, 2nd, 3rd Class Cars and Dining Cars.

Telegraphic Address "KINCO" Code A. B. C. 5th Edition. For further information, address Hankow Line, Managing Director, Peiping-Hankow.

Lung-Hai and Pien-Lo Lines

In Operation: From Tapu (Haichow) to Lingpao: 825 Kilometers

In Construction: From Lingpao to Sianfu: 225 Kilometers

"The Great Overland Route in China"

This Line will soon become the most important Railway in China, connecting as it will, the remote provinces of Kansu, Shensi and Honan with the sea and passing through the ancient and famous capitals of Lanchow, Sian, Löyang and Kaifeng.

There are many points of historical interest to visit along the line, the best known being Lung-Men with its gigantic display of carved stone Buddhas, dating back from the introduction of Buddhism into China, some 2000 years ago.

The Lunghai and Pienlo Lines are connected at Hsuchow with the Tientsin-Pukow Railway and at Chengchow with the Peking-Hankow Railway.

An "Express" train runs thrice a week between Hsuchow and Chengchow leaving Hsuchow Monday, Wednesday and Friday, and leaving Chengchow Tuesday, Thursday and Saturday. This train is provided with 1st and 2nd class cars, sleeping and dining accommodations.

For further particulars, intending passengers are requested to apply to the Shanghai Office, Lunghai Railway Administration, at the Chung-Foo Bank Building, 25 Jinkee Road.

Shanghai

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密勒氏評論報

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

中華郵政特准掛號認定爲之報紙

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 4 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE CENTRAL 4741. CABLE ADDRESS "REVIEWING SHANGHAI."

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JAPAN THE "BAD BOY" OF THE FAR EAST!

IF JAPAN PERSISTS much longer in trying to block progress and muddle the international political situation in this part of the world Japan will deserve the title of "The Bad Boy of the Far East," which appellation recently has been applied to the Tokyo Government in connection with the detention of railway cars and locomotives belonging to the Chinese Government Railways at the town of Tsinan, Shantung Province. On December 28, Mr. Sun Fo, National Minister of Railways sent a commission to Tsinan for the purpose of forcing a show-down with the Japanese over the continued detention of some 50 locomotives and 500 freight and passenger cars which belong to the (north and south) Tientsin-Pukow Railway, the Japanese military having seized this material at the time of the Tsinan incident on May 3 last. The commission of Chinese railway officials was accompanied by Mr. A. J. Hearne, British chief engineer of the Tientsin-Pukow Railway and two foreign newspaper men from Shanghai, Mr. Edgar Snow of *The China Weekly Review*, and Mr. Alfred Batson of the *North-China Daily News*. When the party reached the temporary provincial capital of Taian, located about 50 miles south of Tsinan, on December 30 they were held up owing to the lack of a locomotive. The Shantung provincial officials, fearing complications with the Japanese, urged the party to proceed to Tsinan by motor-car but the railway officials refused on the grounds that they had been instructed by Mr. Sun Fo to proceed to Tsinan by train and thus restore passenger and freight traffic on the Tientsin-Pukow Railway. According to recent reports from Nanking the party finally succeeded in obtaining a locomotive and proceeded in the direction of Tsinan, but they were delayed at every station by the Japanese who demanded credentials from the Chinese Commissioner of Foreign Affairs of Shantung, Mr. Tsui Shih-chieh, showing that the Chinese members of the party really had authority from the National Government to proceed to Tsinan. These credentials were obtained and the party was permitted to proceed to the town of Tangchiachwang, located a short distance south of Tsinan. Here they were definitely delayed as a result of pressure exerted upon the Chinese officials by the Japanese military and after considerable squabbling it was agreed to permit the Chinese officials and Mr. Hearne to proceed to Tsinan but according to a report circulated by *Reuters* they refused to permit the foreign newspapermen to proceed and even ordered them to return to Shanghai, an obviously curious action in view of the fact that these men were traveling on Chinese soil as the authorized representatives of

foreign newspapers in Shanghai. Later however the entire party left the train at Tangchiachwang and walked into Tsinan. Here, still further complications developed because the Japanese refused to discuss the question of releasing the cars with Mr. Hearne, the Traffic Manager of the Tientsin-Pukow Railway, unless he produced credentials from Mr. Sun Fo the National Minister of Railways at Nanking. This caused a still further delay so that, according to latest reports, Mr. Hearne is still in Tsinan waiting for the Japanese to communicate with their home government.

The present situation is directly connected with the Tsinan incident of May 3 last when the Japanese intervened in Shantung province and established a 20-mile "neutral" zone around the town of Tsinan and along the 250-mile Chinese Government railway connecting the city of Tsinan with Tsingtao on the Shantung coast. Needless to state this 20-mile "zone" includes the railway repair shops and tracks of the Tientsin-Pukow Railway, the direct line from North China to the lower Yangtsze Valley, the blocking of which by the Japanese has resulted in enormous losses to the Chinese people and to foreign merchants interested in the trade of this country. When Gen. Chang Chung-chang, the northern commander evacuated Tsinan last spring he blew up the Yellow River bridge on the Tientsin-Pukow Railway which is located about ten miles north of Tsinan, his purpose being to prevent the Nationalist troops from following him to Tientsin. While the damage to the bridge was serious, it might have been repaired temporarily in a few weeks, but when the Japanese military took over Tsinan they forbade the National Government from sending engineers into their "zone" for that purpose. In addition to this they sent a force south along the railway and blew up a small bridge which effectively bottled-up a large number of locomotives and cars belonging to the Tientsin-Pukow Railway which Gen. Chang Chung-chang had been unable to take north with him when he retreated. Several weeks ago Mr. Sun Fo, Minister of Railways demanded the release of these cars and engines and also demanded that Chinese engineers be permitted to enter the Japanese military lines at Tsinan in order to make necessary repairs and remove the engines and cars. The Japanese Legation at Peiping issued a flat denial that any cars were being detained, which prompted Mr. Sun Fo to issue to the press a definite statement on the subject giving the exact number of engines and cars with descriptions. The Japanese again denied this, so Mr. Sun Fo finally decided to send a commission to Tsinan to obtain definite information and demand the release of the rolling stock. On December 6 the Japanese Legation at Peiping finally issued a detailed report on the question which admitted that the cars were in Tsinan but claimed they are in "bad condition;" that they had been "abandoned by both sides" in the recent Chinese civil war; and finally that a considerable number of cars are being used on the Tsinan-Tsingtao Railway (controlled by the Japanese) as compensation for cars belonging to the Tsinan-Tsingtao line which the other Chinese railways are retaining.

About three weeks ago the National Ministry of Railways *was permitted* to send some engineers to Tsinan for the purpose of repairing the Yellow River Bridge, but before work could be started the Japanese military forced the Chinese to sign an agreement under which the Chinese were *permitted* to have two of their *own* locomotives and about a dozen of their *own* freight cars from the railway shops at Tsinan for the purpose of transporting materials to the place where the repairs are being made. The Chinese are forced to obtain a special permit from the Japanese military for every piece of material brought into the Japanese military "zone" and every morning the Japanese send a squad of soldiers around to the works for an inspection and in case the Chinese do anything not covered in the agreement there is trouble. This is exactly the situation which is prevailing at Tsinan, in the capital of Shantung province of China today and in the meantime there are thousands of tons of Chinese produce piled up and rotting at the various railway stations because of the lack of railway rolling stock to transport it to market. Last October the American Legation made inquiry of the Japanese Legation regarding the matter of permitting the Chinese to resume operation of the Tientsin-Pukow Railway, but according to report the Japanese Legation replied that the matter was being handled by the Japanese military authorities at Tsinan and nothing could be done until the Chinese had settled the Tsinan incident. The inquiry by the American authorities was prompted by complaints which had been filed with the Legation by American buyers of Chinese products which were being detained in Shantung owing to the lack of rolling stock and the blockading of the Tientsin-Pukow Railway by the Japanese military. And in addition to the American complaint the British diplomatic authorities also lodged a protest with the Japanese over the detention of the cars on the grounds that British financial and commercial houses held mortgages on the engines and cars and are suffering serious losses due to the detention of these materials as well as the blocking of the railway.

In many ways the situation prevailing in Shantung province today is similar to that which prevailed in the province prior to the Washington Conference. From the occupation of Shantung at the beginning of the World war in 1914 to the Washington Conference in 1921-1922, the Japanese military ruled in Shantung similar to the situation today and it was a case of constant interference in Chinese affairs until such an international mess was created that the United States and the other Powers were forced to intervene and compel the Japanese to evacuate. The present situation seems to be drifting in the same direction for obviously the other Powers will not permanently permit the Japanese to block international trade and stir up new international complications. At present Japan is the only Power which is still holding out against Chinese tariff autonomy and in view of the fact that the Chinese have announced their intentions of increasing their tariff rates on February 1, the likelihood exists of further complications on that score. Japanese spokesmen often complain that the Powers have always stepped in and "robbed them of the fruits of their victories in the Far East." This happened after the Russo-Japanese War, the Sino-Japanese War and again at the Washington Conference following the World War. There is a logical answer to this which is based upon the suspicion which exists all over the world respecting Japan's activities in the Far East—activities which are earning for Japan the appellation, "Bad Boy of the Far East," a sort of international menace which must be taken in hand at periodic intervals!

THE "LIKIN" CLAUSE IN SINO-BRITISH TREATY

APPARENTLY due to pressure exerted by British commercial interests in Shanghai, Sir Miles Lampson, British Minister, caused a clause to be inserted in the recently negotiated Sino-British treaty referring to the question of abolition of likin. The clause pertaining to this

subject was included in "Annex III" and reads as follows,

> "In view of the doubt and anxiety that may arise amongst my nationals in regard to the effect which the new tariff may have on their trade if the various levies other than customs duties now being collected remain in force after the coming into operation of the national tariff rates, I would remind Your Excellency of the proclamation issued by the National Government of the Republic of China at Nanking on July 20, 1927, announcing their intention to take as soon as possible the necessary steps effectively *to abolish likin, native customs dues, coast-trade duties and all other taxes on imported goods whether levied in transit or on arrival at destination*, and I would welcome some assurance on behalf of the National Government that it is their intention that goods having once paid import duty to the Maritime Customs in accordance with the rates imposed in the new or any subsequent national tariff will be freed as soon as possible from any levies of the nature specified in the above-mentioned proclamation."

Dr. C. T. Wang, Foreign Minister, who represented the National Government in the negotiations, replied to the foregoing inquiry by giving assurances that it is the intention of the Chinese Government, "that goods having once paid import duty to the Maritime Customs in accordance with the rates imposed in the new or any subsequent tariff *will be freed as soon as possible from any levies of the nature specified in the above-mentioned proclamation.*" There is considerable significance in the foregoing declaration of the British Government and the reply of the Chinese Government because it indicates that the Powers have now abandoned their old attitude of basing their consent to tariff autonomy upon China's ability or desire to abolish likin. Heretofore the Powers have always said that they would not agree to Chinese tariff autonomy unless China would first abolish likin. The proposition has now been turned around the other way and China has been definitely granted tariff autonomy without any strings attached, but the British treaty calls China's attention to the fact that the National Government *promised* on July 20,1927 to abolish likin and then asks China regarding her intentions in respect to this declaration. China replies that it is her intention to abolish likin *as soon as possible*. This change in procedure is important because it recognizes definitely the inability of the Powers to *force* China to abolish these so-called illegal taxes. Thus is the old deadlock broken and the burden of abolishing likin placed upon China's shoulders where it belongs.

For those who are not familiar with this question, it should be explained that *likin* is a Chinese word derived from *li* meaning one-thousandth of a tael, plus *ch'ien*, meaning money. Likin is therefore an inland tax on the transit of goods. This form of taxation probably has always existed in China, but in its present form it dates back to 1852 when the Governor of Shantung instituted it in response to demands made on the provinces for funds to suppress the Tai Ping Rebellion. It was extended throughout the country in 1863 and as often happens in taxes of this kind, it has become a serious burden upon the cost of goods transported through the interior of the country. The taxation barriers or places of collection are numerous where the population is dense and due to corruption on the part of the collectors and the inability of the Central Government to enforce regulations, it has come to constitute a serious handicap to the conduct of business. One might imagine a similar situation in the United States if every state from the Atlantic to the Pacific had the right to tax goods crossing the state lines. It is often said that due to likin the original cost of goods at the China ports is doubled in order to cover the likin taxes in the interior of the country. The amount of money collected in this way is practically unknown, but has been estimated as high as thirty or forty million taels annually. In many instances the likin tax barriers are controlled by families or cliques who have exercised control for many generations and look upon it as a vested right. Those who have made a study of the subject of taxation realize of course that this method of taxation is not peculiar to China. It existed all over Europe in the Middle Ages and is said to still exist in certain parts of Europe. It formerly existed in the American colonies before the American Revolution. However, it is doubtful whether it ever existed in the exaggerated or pernicious form that it exists in China today where it has become the chief source of financial support of military and provincial officials, having been increased proportionately as their military requirements demanded more and more money.

Since nothing short of an outright conquest of the country could enable the foreign Powers to *force* the abolition of likin, it therefore is indicative of their good sense that they have ceased trying to force the issue and have left the matter entirely to China. While the foreign merchants who do a national business in China have always agitated against likin and have been responsible for the demands of the Powers for its abolition, it is a fact that the sufferings of the foreign merchants have been infinitesimal as compared with the sufferings of the Chinese merchants and people themselves. The foreign merchant sells his product at a certain price which represents cost, plus profit and handling charges. If the Chinese officials add a likin charge, this is passed on to the consumer. The foreign merchant has always until in recent years had treaty protection, for by paying a certain percentage above the import tariff he has been provided with a pass which enabled his goods to pass the likin barriers without further charges. Since the Chinese merchant or manufacturer has not had this protection, he has been at the mercy of the likin collectors who have added what they wished. The result has been that the Chinese merchant or manufacturer has been at a disadvantage in competing with foreigners in their own country, which situation has resulted in various subterfuges in order to evade the tax. One method is popularly known as "selling the signboard," meaning that the Chinese merchant or shipper has paid some friendly foreigner for the use of his name, thereby making the Chinese goods *appear* foreign in order to take advantage of the treaty protection which the foreigner has enjoyed. This curious situation, whereby foreigners enjoyed advantages in trading in China, which the Chinese themselves could not enjoy, has been responsible for much of the so-called "anti-foreignism" which has prevailed, because the average Chinese could not be expected to understand all the ins and outs of the question. All he knew was that foreign goods could pass the likin barriers without paying the charges while the Chinese merchandise had to pay. Then the constant pressure exerted by the foreigners to *force* the abolition of likin has had the natural effect of antagonising officials who derived their incomes from this form of taxation.

It is therefore better all around that the Powers have given up their old policy of trying to compel the abolition of likin and have gone ahead and granted tariff autonomy. The inclusion of a declaration on this question in the British treaty will have little practical effect other than it will give the British and other foreigners an excuse for constantly reminding the Chinese of their promise to abolish the tax. That the Chinese should abolish the likin as well as the

other so-called illegal taxes, goes without saying, but obviously the Government faces a long hard fight on the question. Since the ultimate burden falls upon the Chinese people, it is entirely correct to say that it is largely responsible for the extreme poverty which prevails in the country. The masses of the Chinese are so submerged in poverty that they cannot afford to pay the exorbitant charges which producers are compelled to make for articles which are within reach of practically everybody in other lands. The result is that the average citizen residing in the interior of the country is barred from most of the so-called products of modern civilization with which residents of the coast cities are familiar. He knows nothing about them because the exorbitant taxation plus transportation difficulties places them beyond his reach. If China is to ever abolish these mediaeval forms of taxation the incentive will have to come from the Chinese people themselves, particularly the merchants and industrialists. The new tariff treaties permitting the Chinese Government to increase the customs duties is bound to result in the development of industries in China,but the Chinese manufacturers and merchants will shortly discover that there is little to be gained by starting a factory, if domestic taxation prevents the transport of his goods throughout the country. China represents the greatest potential market in the world for manufactured goods, a market that should approximate in time that which prevails in the United States, but as stated, it can never be developed until the whole taxation system is modernized and the burden lifted from the peasants and laborers who represent the ultimate consumers. It is only in this way that the standard of living can be raised so that the masses of the Chinese *can afford* to purchase the things produced in their coast ports or imported from abroad!

U. S. CHINA FAMINE DRIVE DEFINITELY LAUNCHED

THE CHINA FAMINE RELIEF, an organization formed in the United States early last year for the purpose of raising a fund of G.$12,000,000 for the purpose of relieving famine conditions in China, announced the definite launching of a campaign on January 1, the purpose being to raise sufficient funds for famine relief work in nine famine-stricken provinces in North China. Major Daniel O. Lively, who has besn selected to manage the campaign, has had a long record in public and humanitarian activites dating back to 1911 when he served as director of the Panama-Pacific International Exposition at San Francisco. During the World War, he served as chairman of three separate organizations formed for the purpose of increasing food production in the United States. Then he went to Russia with the American Red Cross and served in the White Sea area, for which service he was cited in orders of General Pershing and twice decorated by the Russian Government. In 1919 he was transferred to Siberia where he served as chairman of the organization which had charge of the repatriation of prisoners of war. He has traveled extensively in the Orient and recently served as Far Eastern Commissioner for the U. S. Department of Agriculture. At the time of the definite launching of the campaign, Dr. S. Parkes Cadman, chairman of the China Famine Relief Association sent a letter to representative businessmen and leaders in American life throughout the country asking them to serve on a national committee to organize and support the campaign.

According to reports which have appeared in the American papers, the campaign is being opened with the friendly commendation of the American Red Cross and from the Secretary of State, Mr. Frank B. Kellogg. Mr. John Barton Payne, chairman of the American Red Cross, in a letter addressed to Major Lively, extended the best wishes of the Red Cross, saying, "Relief of the famine sufferers in China to be effective will be a long drawn out undertaking, involving rehabilitation on a large scale, and hence is not an emergency in the sense contemplated by the Red Cross Charter." The letter from Secretary Kellogg stated, "I have every sympathy with any efforts that are being made to raise funds necessary to the relief of Chinese famine sufferers or peoples wherever they may be." According to the appeal which has been broadcasted throughout the United States, the number of famine sufferers in China is conservatively placed at 12,000,000 at this time, but is expected to increase to 20,000,000 before spring. A minimum of $20,000,000 is required for the purpose of extending relief and of this amount the National Government and Chinese relief organizations have agreed to raise $8,000,000 leaving a balance of $12,000,000 to be raised in the United States. The Government State Council at Nanking on December 29 issued instructions to the Ministry of Finance to raise a famine relief loan of $10,000,000 to be secured on Government revenue amounting to $2,000,000 annually. This loan, when issued, will be handed over directly to the Famine Relief Commission for immediate distribution in the afflicted provinces.

The decision of the China Famine Relief to proceed with the campaign in the United States will be welcomed by foreign well-wishers of China everywhere, not the least part of their gratification being due to the fact that it constitutes a distinct victory over the foreign die-hards and sore-heads on the Chinese coast who have been doing their best to throw cold water on the scheme since the original announcement of the drive last year. No one familiar with conditions in China questions the fact that a serious famine exists in most of the provinces north of the Yangtsze, a famine caused by successive crop failures, breakdown of transportation, floods, insect pests, banditry and civil war. Even the die-hards admit the seriousness of the famine, but they argue that banditry, civil war and disruption of transportation, which are contributory causes of the famine situation, have been brought about by the Chinese people themselves, hence it is no business of America to help them out of the hole. This curious mental attitude toward things Chinese which has developed in the foreign communities in China and which seems to afflict officials, businessmen and even some missionaries, would make an excellent subject for study by a psychoanalyst. Apparently what has happened is that most of the "old China hands" are suffering from shell-shock and ought to be given a prolonged vacation in order to enable men with a fresh viewpoint and sympathetic attitude to assume direction of affairs in the various foreign communities. The old saying that it is impossible to teach an old dog new tricks seems to have a practical application here because many foreigners have become a distinct detriment and handicap to the various home governments and peoples who are trying to place Sino-foreign relations on a new and modern and "equal" basis! A few days ago *Reuters* cabled a message to the newspapers here from London stating that "American Friends of the Prince of Wales" had contributed the sum of £20,000 to the English Miners' Relief Fund in response to an appeal which was broadcasted at Christmas. Thus far we have seen no outcry against this American donation

on the grounds that the unemployment of 1,271,100 coal miners in Great Britain was due to the negligence of the British Government. Only a fool would object to this expression of American generosity toward the relief of distress in England but this is exactly what has been going on in China for several months. Of course the Chinese government and the Chinese people have been partly responsible for the widespread poverty bordering on destitution which prevails throughout much of the country, but to deny these unfortunate people assistance from the outside on these grounds, can be designated as nothing short of pure cussedness. Hence it is gratifying to know that the directors of the China Famine Relief in the United States have been able to surmount the obstacles placed in their way by the knockers and that the drive is to continue. There is hope that it will succeed beyond the hopes of the present promoters for it will constitute definite evidence that the West still maintains its interest in and sympathy for the Chinese people—a sympathy which will be rewarded when the Chinese are able to work out their present problems and stand on their own feet.!

Of indirect interest in connection with the launching of the China Famine Relief campaign, was a *Reuter* report from New York on December 29 stating that the sum of G.$10,000,000, the residue of the estate of the late Mr. Charles Hall, is to be distributed among 21 institutions of higher education in the Far East including the American College and the Madural and Allahabad Agricultural Institute in India and the following institutions in China: Oberlin in Shansi, the Memorial Association of Harvard and Yenching in Peiping, Lingnan University of Canton, West China Union University of Chengtu, Nanking University, Fukien Christian University and Shantung Christian University. This announcement is of special interest in that it indicates a continuing American interest in educational endeavor in China despite the changes which have taken place in the direction and conduct of missionary work in the past two or three years.

CHINESE REACTION TO MR. EDWARDES' RESIGNATION

THE FACT that practically all Chinese domestic bond issues have gone up since the resignation of Mr. A. H. F. Edwardes, Officiating Inspector-General of Customs, constitutes the best possible Chinese reply to the charges covered in his resignation, which were referred to in last week's issue of *The Review*. The *Shun Pao*, one of the leading Chinese newspapers in Shanghai published a dispatch from its correspondent in Peiping on January. 4 which stated that Edwardes' resignation would have no effect whatever on the public loan situation, the reason being that the Inspectorate-General of Customs has had nothing whatever to do with the bond issues of the National Government which have been issued on the security of the customs surtax which is controlled entirely by the joint-committee of Chinese bankers and officials of the National Government at Shanghai. As a matter of fact the bond issues of the National Government which are not controlled by the Customs administration, are generally standing higher in the market than the old bond issues of the Peiping Government which are supposed to be guaranteed on the Customs surplus. This should constitute the best possible reply of the Chinese authorities to the wails of the British press in Shanghai that something terrible is likely to happen unless the Chinese immediately ask Mr. Edwardes to reconsider his resignation and assume the position of Inspector-General of Customs. Nothing at all has happened and while the National Government had not made an reply to the charges in Edwardes' resignation, at the time these paragraphs were written, it is reported that the Government may permit Mr. Edwardes to carry on pending the appointment of his successor. In the meantime it is assumed that Mr. F. W. Maze, the Deputy Inspector-General and Commissioner of Customs at Shanghai will likewise continue as he has in the past. In an editorial discussion of the question which also appeared in the *Shun Pao* it was stated that the action of the National Government last October in appointing Mr. Maze, Deputy Inspector-General, actually had the effect of making Mr. Maze's position higher than that of Mr. Edwardes, which is given as another reason for nothing happening when Mr. Edwardes resigned. The same paper also called attention to the fact that since Edwardes is only a junior official 43 years of age, his appointment as Inspector-General would saddle the country with a foreign official for a period of seventeen years due to the fact that the retiring age is 60 years. In view of the fact that Mr. Maze is 58 years of age, this means that he has only two more years of service! The *China Times* another influential Chinese newspaper at Shanghai also commented at length on this question stating that the National Government has always looked upon Edwardes as an "Anti-Nationalist" due to his action in closing the Canton Custom House in 1925 against the orders of the Nationalist Government and also because of the assistance which he and his predecessor Sir Francis Aglen rendered to Marshal Chang Tso-ling in the financing of the war against the National Government. The same paper also brought up an further "charge" against Edwardes based on his handing over to Liang Shih-yi, the Peiping Customs Commissioner, the sum of $200,000 from the customs revenues last April, only a few weeks before the capture of Peiping by the National forces.

As stated in the course of a review of this situation which appeared in last week's issue of *The Review* and also in our issue of August 11 last, what is now taking place in the Customs Administration is nothing more than a natural evolution from foreign control to Chinese control. For the past seventy years the foreigners, particularly the British, have exercised a dominating influence in the administration of the Chinese Maritime Customs. The Inspector-General has always been of British nationality and generally these men, especially Sir Robert Hart, have done a good job. But the time has now arrived for the Chinese to assume control of their own fiscal affairs and they are doing just that. To suggest that the Customs Administration will now become the happy hunting ground of Chinese politicians is pure buncombe because this is exactly what the Chinese bankers and finance officials are trying to remedy. When the Chinese Maritime Customs was developed under the administration of Sir Robert Hart, it was considered a branch of the Chinese Government with the Inspector-General serving in an advisory capacity as an official of the Government. But following Hart's retirement and the development of chaotic political conditions following the establishment of the Republic, the Inspector-General gradually increased his power until he became a sort of "czar" of Chinese finance, forcing Chinese governmental officials to come on bended knees every time they desired to obtain money from the Customs

surplus for administrative purposes. Instead of looking toward the Chinese Government for authority the Inspector-General looked toward the Peiping Diplomatic Corps. This situation became so scandalous that any foreign minister in Peiping had the power to withold releases of the Customs surplus on any grounds whatsoever, the usual reason being based upon some private demand of the minister involved. Then to make matters still worse, a small clique of Chinese bankers in Peiping, who were on the inside, were enabled to manipulate the domestic bond issues to their own advantage through their inside knowledge of the current status of the customs surplus available for meeting interest payments on the domestic bonds issued on the security of the surplus. Probably the best proof of this situation exists in the recent demands of Peiping and Tientsin bankers for the reinstatement of Mr. Edwardes. Whether the Chinese bankers at Shanghai, who, in association with the National Government have finally wrested control of Chinese Government finance away from the Peiping-Tientsin group will follow a more enlightened policy than their predecessors, remains to be seen, but the facts stand that they have obtained control and of still more importance have established the fact that China has the right to control her own finances, irrespective of the wishes of a few foreign Powers as exercised through their Ministers in Peiping.

A further evidence of the determination of the Chinese to assume control of their own Customs Administration was evidenced on Monday, Jan. 7 when the Chinese General Chamber of Commerce at Shanghai sent a strong telegram to Nanking urging that Mr. Edwardes' resignation be accepted and that at the same time more members of the Chinese staff be immediately promoted to more responsible positions "so as to pave the way for the taking back of the Customs Administration and the recovery of national rights. There have also been numerous dispatches in the Chinese newspapers from Nanking and Peiping which indicate the trend of Chinese public opinion on the question of the Inspector-Generalship of Customs, one stating that there was not likely to be any serious opposition in Peiping Diplomatic circles, in the event the National Government decides to appoint Mr. F. W. Maze, as Inspector-General, in view of the fact that he is already occupying the post of Deputy Inspector-General in addition to the post of Commissioner of Customs at Shanghai. Another report stated that the only interest which the so-called Protocol Powers have in the question is that there should be no change in the administration of the Customs as would endanger the security of the Boxer Indemnity. So long as the Chinese Government maintains the security of the Boxer Indemnity in accordance with treaty stipulations, it was reported that the Powers would not interfere with any selection which the Chinese may make for the position of Inspector-General. The *Sin Wan Pao*, another leading Chinese newspaper in Shanghai, on Tuesday, Jan. 8. published a dispatch from its correspondent in Nanking stating that it was "reliably reported" that the Government would accept Mr. Edwardes' resignation, but that before taking action the matter would have to be referred to the State Council for consideration. There were some suggestions that he might be given a year's leave of absence similar to the Peiping Government's action following the dismissal of his predecessor, Sir Francis Aglen by Marshal Chang Tso-ling two years ago.

DEATH OF NOTED AMERICAN WOMAN MISSIONARY

FOR THOSE who search for the real foundation for friendship between the Chinese and American peoples, they will find the answer in the stories of the careers of such self-sacrificing personages as the late Gertrude Howe who died at Nanchang, Kiangsi province on December 29 last. Born at Lansing, Michigan in 1846, Miss Howe came to China when she was only twenty-six years of age. A report of her death which appeared in the *North-China Daily News* on Saturday, Jan. 5 stated that except for two years in Szechuen province, she spent all of her fifty-six years as a missionary in the towns of Kiukiang and Nanchang in Kiangsi province. She founded the Rulison High School at Kiukiang some 55 years ago, but it was chiefly through her adoption and education of nine Chinese boys and girls that she became widely known since several of these members of her family have become prominently known throughout the country. Another of her activities was in the development, in association with Dr. Ida Kahn, of the Nanchang Women's and Children's Hospital, popularly known as "Dr. Kahn's Hospital" which was founded some twenty-four years ago. Among her "children" the most notable are Dr. Ida Kahn and Dr. Mary Stone, who were among the first Chinese girls to be sent to the United States for an education. Both studied medicine and upon returning to China were pioneers in the development of modern medical science in this country, Miss Kahn in connection with the hospital for women and children at Nanchang and Miss Stone in her work at Shanghai and elsewhere. It is also of interest to note that during the so-called "communist" wave and civil war situation in the Yangtsze Valley in 1927, Miss Howe was the only Protestant missionary to remain at her post inside the walled city at Nanchang. Of such stuff are pioneers made. Fifty-six years service as a missionary in China! It was appropriate that her Chinese friends gave her a genuine Chinese funeral with native coffin and all, the service being attended by hundreds of Chinese and foreign friends who had known her and her work in this country over the past half century and more.

Problems and Possibilities of the National Military Reorganization Conference

SINCE this is the first time since the organization of the National Government that the leaders have succeeded in getting all of the political and military officials together for a conference on national problems, it is inevitable that optimism should prevail regarding the ability of the Government and the Kuomintang to carry out its program of troop disbandment and the companion problems of organizing a unified national army and the adoption of a financial budget pertaining to military affairs. Since the conference met on Jan. 5 and was still in session when these paragraphs were written (Tuesday, Jan. 8), it is impossible to report final results, but a consideration of the problems involved and methods adopted for settlement of same is of value for those who are interested in

this serious attempt on the part of China's present day leaders to solve what every one realizes to be the most fundamental of the many questions facing the Government in its program of reconstruction. According to a report issued by the official *Kuo Min* news agency on Jan. 6, the following officials were present: Chiang Kai-shek, President of the State Council; Generals Feng Yu-hsiang, Yen Hsi-shan, Li Chung-jen and Li Chai-sum, Commanders of the First, Second, Third, Fourth and Eighth Group Armies; Messrs. Hu Han-ming, Wu Tze-hui, Tai Chi-tao and Wang Chung-hui, heads of the Executive Yuans and representatives of the Central Executive Committee; Gen. Ho Ying-ching, Director-General of Military Training; Messrs. Sun Fo, C. T. Wang, Wang Peh-chun, Chao Tai-wen and T. V. Soong, Cabinet officers; Mr. Wang Shu-chang, representative of Gen. Chang Hsueh-liang of Manchuria; and the following major military commanders, Chang Chun, Ko Ching-en, Chu Shao-kwang, Chow Ya-wei, Tsao Hao-sen, Ho Chen-chun and Admiral Yang Shu-chwang. Other major military leaders not present include Gen. Chen Ming-hsu of Kwangtung province, Gen. Lu Chung-lin of Honan, Shang Chen and Bei Tsung-chi of Peiping. Of the military leaders not present at the Conference, special significance only attaches to Gen. Bei Tsung-chi, one of the chief leaders of the so-called "Kwangsi faction" in the Kuomintang which is supposed to be opposed to Gen. Chiang Kai-shek.

A complete program of the meeting, which is known as the 'National Military Reorganization and Troop Disbandment Conference, appeared in *The Review* on December 29, hence it is not necessary to repeat it here. But briefly the Conference is trying to do three things; cut down the armies from their present reported strength of 1,600,000 men to 500,000 men; develop plans for national defence on the basis of a unified standing national army of 500,000 men; and finally to adopt a financial budget for the payment of this army. Each of these major problems naturally has its companion problems, an example of which is indicated in the matter of finance. At the present time, the commanders of the various "group" armies, constitute a power un to themselves in their various districts. Despite the fact that all of these generals profess allegience to the National Government and Kuomintang, the actual facts are that the situation now prevailing in the country resembles a loose federation of "regional" governments. Li Chai-sum and his associates at Canton, for example, look after their own revenues from the standpoint of taxation and expenditures. Li Tsung-jen and his associates at Hankow follow a similar procedure and a like situation prevails in Manchuria where Gen. Chang Hsueh-liang heads the Government and at Peiping where Gen. Yen Hsi-shan controls. In Honan, Shensi and Kansu, Marshal Feng Yu-hsiang, the present Minister of War and his associates exercise dominant control. Aside from revenues received from the Customs and certain other national revenues, the Central Government at Nanking actually rules only in the so-called five southeastern provinces of Kiangsu, Kiangsi, Anhwei, Chekiang and Fukien. In the other groups of provinces the Central Government only wields a nominal control, the actual control resting with the military officials in control of the armies and their political and military subordinates. Obviously it will require China many years to develop a "strong" central government in the Western sense of the term, since such a form of government is largely foreign to the Chinese conception of government which has always left local affairs to local officials. Most Chinese recognize this situation and do not expect, or desire their central government, to become all-powerful over-night, but they do recognize the dangers involved in the present situation due to rivalries among the various military leaders who control powerful armies. The National Government and the various military leaders themselves realize this danger and are trying to overcome it, hence their presence in Nanking at the military reorganization conference. They realize that unless something can be done to bring about unification that it will be impossible to disband the swollen armies which have been built up over a considerable number of years. They fear that unless something can be done toward the unification of a "national" army which will look toward the Central Government, instead of toward the individual commanders that the situation will gradually drift back to the status which prevailed from the First Revolution in 1911 up to the recent Nationalist Revolution. This situation is responsible for the statements which one frequently hears about the "new militarists," meaning that the National Revolution has only had the effect of bringing in a new set of military leaders who may rule in feudal fashion similar to the situation which prevailed when Sun Chuan-fang, Chang Chung-chang, Wu Pei-fu, Chang Tso-ling and the rest of the long list of militarists who made a joke of the Republic and turned Chinese politics into a sort of checker-game.

From the standpoint of finance, it is imperative that military reorganization must be brought about, because under present conditions it is impossible for the Government to ever know where it stands. The demands from the various military leaders for funds for their large armies constantly eat up all of the available revenues, which makes it impossible for the Government to adopt a budget or set aside funds for the payment of foreign and domestic debts, not to mention the pressing problem of funds for reconstruction purposes. To take one special case, the abolition of *likin*, referred to elsewhere in this issue of *The Review*: The Government must abolish *likin*, not because the foreigners want it abolished, or because the Government has repeatedly promised to abolish it, but because it must be abolished if the country is ever to be placed on a modern business basis and Chinese industries are to be permitted to expand away from the coastal ports into the interior of the country. Then, above everything else is the vital matter of putting into effect the Kuomintang Principles of domestic, social and economic reform as outlined in the doctrines of the late Sun Yat-sen. If this cannot be done, obviously the revolution has failed of its major purpose and while it might not result in an immediate overturn of the Government, it would undoubtedly result in laying the seeds for another and more radical revolution which would sweep the militarists out and reconstruct the country.

There is no questioning the fact that much pessimism prevails over the country regarding the fruits of the revolution. A certain amount of pessimism is inevitable following any revolution, because it is always necessary for political parties or factions to promise more than they can deliver, but in the case of present-day China there is no questioning the fact that much discontent is developing everywhere due to the slowness in carrying out reforms which have been promised in the past two years. There is an almost universal complaint regarding excessive taxation because it has been necessary in many cases to levy new taxes on top of the old. There has also been much corruption and in addition to the other complications there is the famine situation which prevails over most of North China, a situation which is aggravated by the inability to hasten disbandment

of troops. But the troops cannot be disbanded because there is no money to pay them off and everybody is afraid to take the lead in disbandment for fear that some military leader might take advantage of the situation to execute a coup d'etat and thereby increase his military power.

This brings us back to the military conference and its objects. General Chiang Kai-shek and the other military leaders have recently issued declarations or delivered speeches which give a considerable insight into the present financial condition of the country. The total national revenue is supposed to be in the neighborhood of $450,000,000, of which about $100,000,000 is required for interest and amortization payments on foreign loans and indemnities. This leaves about $300,000,000 available for Governmental use, but at present the military requirements take everything except about $40,000,000 which is all the Government has available for administrative purposes and reconstruction. It is reported that the Government wants to reduce the military expenditures so that they will not exceed $180,000,000 annually, which would leave about $120,000,000 available for government administration and reconstruction. Mr. T. V. Soong, the National Finance Minister, has prepared a definite government budget, supposedly, based somewhat upon the foregoing figures. It is stated that Mr. Soong has made an analysis of military budgets all over the world and that he has attempted to draw up a budget for China which if enforced would shortly place the country on its feet, financially speaking and more, would shortly restore the Government's national credit so that it could go into the foreign money markets for loans.

Then aside from the financial situation as pertains to military expenditures, there is the further problem of the railways. Mr. Sun Fo, Minister of Railways has also drafted a program, which, if carried out would permit the development of a railway construction program which in a few years would give the country a modern system of transportation. At the present time most of the military leaders are living on the railway revenues and worse are using the railway rolling stock as barracks for their troops. Since engines and freight cars are necessary implements of modern warfare, every military man in the country has commandeered rolling stock for his personal use in case of trouble with some of his neighbors. The result is that the Government Railways are starved for rolling stock and have had difficulty in getting sufficient engines and cars for maintaining a skeleton service between Nanking and Peiping. All over the country armies are using freight and passenger cars as barracks or are holding them for fear someone else might get them. Sometime ago Gen. Chang Hsueh-liang "released" a considerable number of engines and cars which had been taken to Manchuria, but before they could be used on Government Railways south of the Great Wall, other generals in the North commandeered them for their own use. This situation, plus the wear and tear of the fighting in recent years has almost completely bankrupted the Railway Administration. Millions of dollars are owed for engines and cars purchased in the past and the credit of the Government has been so impaired that no new purchases can be made except for cash and there is no cash available because the generals are collecting the railway receipts at the source.

SOME CONFERENCE DETAILS

On Jan. 6 there was issued through the medium of the official *Kuo Min* news agency, a report on the Conference which stated that the various military and civilian leaders attending the meeting had taken oath to "formulate and enforce troop disbandment measures for the salvation of the country and to be guided by the departed spirit of the Party's late leader, Sun Yat-sen, and in cooperation with each other, without partiality, pretense, falsehood or procrastination, in the carrying out of the decisions of the National Military Reorganization and Disbandment Conference." The manifesto issued regarding the task of the conference was summarized as follows:

1. Rehabilitation of the country's military affairs and disbandment of surplus troops so as to reduce the military expenditure of the people and to divert the money thus saved to National Reconstruction and Unification.
2. Rebuilding of the National Army for the strengthening of the national defense.
3. Determination of the military system, military strength and the military budget.
4. Division of garrison areas.
5. Centralization of military control.
6. Accommodation and disposal of disbanded officers and soldiers.

"This Conference," the manifesto continues, "pledges itself to the fulfilment of its mission and agrees, as the first of its guiding principles, to be impartial in its deliberations and decisions. It recognizes all military units as parts of the National Army, one and indivisible. As fellow believers in the Three People's Principles and under the same blue sky and white sun flag, we will effect military reorganization according to our national need and ability. Any suggestion of maintaining separate groups of armies and independent assumption of authority will be regarded as an attempt at prolonging the evil practices of feudalism which will eventually give rise to spheres of influence. It not only runs counter to our Revolutionary principles but will also never be tolerated in the interest of the national welfare.

"Our second principle will be to be true to ourselves and our colleagues in reporting the number of troops under our respective command and to effect actual disbandment in accordance with the decisions of the Conference. During the period of militarism, falsification of reports was often resorted to by various military leaders with the purpose of either claiming larger financial appropriations or concealing their real strength for ulterior purposes. But the military strength of the Kuomintang belongs to the people and no such falsification of reports will be tolerated. As comrades of the Revolution and being of one purpose, we will truthfully and sincerely abide by the decisions of the Conference and carry out the wishes of the Central Authorities so that the departed spirit of our late Leader may be pacified and the desires of the people complied with.

"Thirdly, we will be true to our intentions and translate our words into actions. We will obey the instructions of the Central Authorities in adequately and properly providing for our disbanded officers and soldiers in order that the disbandment funds may not be squandered and wasted to no purpose.

"Finally, we will not stop at empty words, but will be thorough in our tasks especially in the reorganization and unification of our finances in order that a solid basic foundation may be laid."

Committees Appointed

The most important work of the Conference, naturally, is being conducted by committees which were announced at the opening session as follows,

(1) Financial Investigation Committee: Li Chung-jen, Chen Shao-kwan, T. V. Soong, Yu Fei-pan, Tsao Hao-sen, Wang Shu-chang, Chang Hua-fu and Chu Shao-kwang;

(2) Military Organization Investigation Committee: Yen Hsi-shan, Li Chi-sen, Pai Tsung-hsi, Wang Shu-chang, Ko Ching-en, Chen Chi-liang, Chen Tiao-yuan and Chen Yi,

(3) Disbandment and Employment Investigation Committee; Feng Yu-hsiang, Chu Pei-ten, Lu Chung-lin, Shang Chen, Chao Tai-wen, Wang Peh-chun, Sun Fo, Ho Kuo-kwang, H. H. Kung and Yi Pei-chi;

(4) Proposals Investigation Committee: Ho Ying-ching, Chu Shao-kwang, Chang Chun, Li Tai, Li Chung-kung, Tsao Hao-sen;

(5) National Defense Investigation Committee: Li Chu-sen, Feng Yu-hsiang, Yen Hsi-shan, Li Chung-jen, Ho Ying-ching, Ko Ching-en, Chao Ya-wei, Chang Chun, Hsiung Bin and Chen Chi-liang.

(6) Drafting Committee: Ho Ying-ching, Li Tai, Chow Ya-wei, Liu Lu-hsien, Ho Kuo-kwang, Chen Shao-kwan, Pai Tsung-hsi, Chia Ching-teh, Shang Chen, Yu Fei-pang and Chen Yi.

4. That Li Chung-kung, Hsu Ching-chin, Pang Chin-piao and Chien Chang-chao be appointed Secretaries to the Conference with Li Chung-kung as Chief Secretary.

5. That the various proposals submitted by the Preparatory Committee of the Conference be referred to Feng Yu-hsiang, Yen Hsi-shan, Li Chung-jen, Hu Han-min and Wu Tze-hui for revision and recommendation.

A Plea for the Junior Employees of the Postal Service

To the Editor, *The China Weekly Review:*

The recent postal strike in Shanghai was the expression of the spiritual disharmony between the senior and junior staffs, consequent upon the former's oppressive attitude towards the latter.

The junior employees, because of their newly joining in the postal service, are not only embarrassed by the dead schedule of promotion, the restriction of certain rank permissible to take part in the promotion examination and their inferior positions that have been offered them, but as well insulted by their immediate controllers, or senior staffs who take advantage of their early entrance intothe postal field. They pick holes in the junior employees' coats so to speak, and lose no chance to shift their responsibilities to their subordinates.

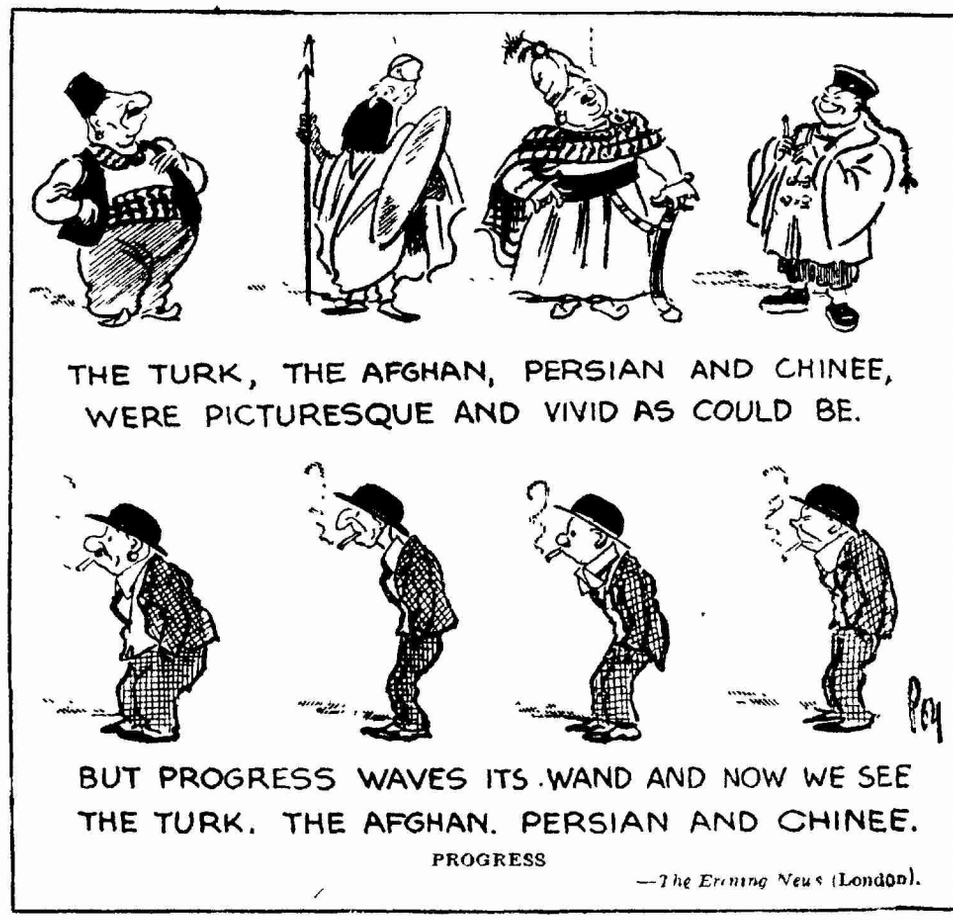
Take for instance: Here is a non-linguist Yu Wu-yuan. Being ignorant of the foreign language, he is apt to make mistakes in some names of places which are seemingly similar in spelling, such as Harbin and Hailar, Hangchow and Hankow, Kinchow and Kingchow, Ichang and Ichow, Kiangsu and Kiangsi, etc. Supposing that this employee receives a registered letter addressed to Kinchow and forwards it, after the personal checking of his immediate chief, to Kingchow and consequently a Verification Certificate is received from the Office of destination notifying the missending of the said registered letter, the chief will then immediately report the case to, say, the General Supervisor for necessary punishment either in form of fine or warning to the employee forwarding it, thus evading the responsibility himself.

Selfishness of the senior staff is a factor aggravating the spiritual sufferings of the junior staff working under them, thus eventually creating strikes. I remember, on the second day of my entrance into the postal service working in the dispatching and receiving office, a 10-cents washed stamp was discovered by a certain junior employee. Upon knowing this the Department Chief immediately brought the case to the Mail Supervisor and meanwhile handed to the latter the letter affixed with the said washed stamp, saying this and that without mentioning by whom it was discovered. The Supervisor then transmitted the case to the District Deputy Commissioner reporting that the said washed stamp was discovered by the Department Chief

The control of the Chinese Postal Administration has been taken over by the Chinese from the hands of the foreigners; every one of us is directly responsible for the advancement of the Chinese Postal Service. The "laisser faire" policy hitherto held by most of Chinese staff will no longer be esteemed. New postal employees have to be faithful, reliable, active and to keep up their minds for planning something advantageous to the postal service, besides their regular and accurate work daily rendered. SOLON YANG

Shanghai, Jaunary 3, 1929.

WHAT PROGRESS HAS DONE TO THE ORIENT


THE TURK, THE AFGHAN, PERSIAN AND CHINEE, WERE PICTURESQUE AND VIVID AS COULD BE.
BUT PROGRESS WAVES ITS WAND AND NOW WE SEE THE TURK. THE AFGHAN. PERSIAN AND CHINEE.
PROGRESS
—The Evening News (London).

This cartoon from a London newspaper was reproduced in the December 15 issue of *The Literary Digest* and was accompanied by an article telling of the changes which have been wrought in the national dress of various Oriental countries by the adoption of Western styles of clothing. The article stated that, "The Eastern soul may or may not be unchanging, but certainly the body is showing itself in new colors to the world."

Alleged Leader of Kidnapping Gang Employed in "C. I. D."

According to a report appearing in the *North-China Daily News* on Tuesday, Jan. 8, a Chinese interpreter, who has been employed in the "Criminal Intelligence Department" or "C. I. D." at Police Headquarters of the International Settlement, is believed to be the co-leader of a gang of Chinese kidnappers who have been operating in the foreign area for some time. The report stated that the suspected clerk, however, discovered that something had gone wrong and suddenly decamped from the Municipal building before he could be arrested. Police who searched his house discovered that he had disappeared in a motorcar on Avenue Edward VII. It was stated that suspicion exists that this man had engineered two recent kidnapping enterprises, one on Yates Road last February when a Chinese doctor was kidnapped and another in 1927 when a Chinese contractor was kidnapped. The Chinese doctor was reported to have paid a ransom of $20,000 and the contractor, $5,000. Thus far some 11 members of the gang have been arrested and appeared in the local Provisional Court on Tuesday of this week. Some of the men were said to have confessed, thus incriminating the Chinese interpreter in the "C. I. D." office at Police Headquarters.

Incidentally it may be mentioned that on the night of January, 7 a most audacious street robbery took place in Shanghai. H. C. Richards, employed in a local foreign department store, was held up in Avenue Foch by three Chinese who "cleaned" him out. The irony of the incident is that it was Mr. Richards who two months played a heroic part when he was witness of an attempt to kidnap a Chinese child and at the risk of his life attacked the armed kidnappers and prevented the abduction.

"Sin Wan Pao" Control Passes from American to Chinese

The *Sin Wan Pao*, one of the two leading Chinese papers in the country, the other being the *Shun Pao*, both published in Shanghai, which up until this time was an American corporation registered under the laws of Delaware, has, as a result of negotiations recently conducted by Hollington Tong, for many years an assistant editor of the *China Weekly Review* with offices in Peiping, now passed entirely into Chinese hands.

This Chinese newspaper was developed by Dr. J. C. Ferguson, an American citizen for many years an adviser to the Chinese government and a thorough scholar in the Chinese language. Dr. Ferguson had been president of the *Sin Wan Pao* for thirty years, and owned a controlling interest in it. Dr. Ferguson's interest has been bought by a group of Chinese bankers headed by C. C. Woo of the Kincheng bank, who succeeds Dr. Ferguson as president.

Why The Rolling Stock Isn't Rolling Out of Tsinanfu!

BY EDGAR SNOW

All the talk about the interned rolling stock at Tsinanfu was started by a query in the House of Commons, London, as to whether the Japanese occupation in Shantung was affecting the operation of the Chinese government Tsinpu Railway, in which large British capital is interested. In China few ever questioned that it was. Most of us took it for granted that if the Japanese had closed Tsinanfu to the Chinese government it naturally was blockading the railway. Otherwise it would not be much of a military occupation.

Had the Japanese, in answering this interrogation of outside foreign interests, merely replied that under the present circumstances it was not possible to resume normal traffic on the Tsinpu probably none would have kicked up much dust about the matter. Certainly the National Government would not have been given such a lovely opportunity to put the Japanese Tanaka "iron men" in what now has become an altogether embarrassing position. And it would have been impossible, perhaps, for the Chinese to prove to the world that Japan had falsified in representing her position in Tsinanfu.

Is it possible that the ordinarily astute Japanese failed to see what would happen following the inaccurate statement by the Japanese spokesman at Peiping? Verily, the spokesman must have risen, on the morning of December 19th, with a dull head, else he never should have publicly stated:

"The Japanese authorities have not in the past held up any rolling stock nor have they any intention of doing so or of interfering in any way with the administration of the railway."

It has been a comparatively simple task for the Chinese to prove that this statement is so far from being accurate that it is full of opulent irony. One is with difficulty convinced that the Japanese Legation, if indeed it authorized the spokesman's comment, was not in this instance practicing a bit of that subtle humor which so frequently is attributed to the Nipponese. It has been a costly gesture, however motivated, and the integrity of Japan may suffer seriously as a result of it.

For the Chinese lost no time in seizing this chance to demonstrate the dubiousness of the official statement of the Japanese. On December 29 the Ministry of Railway dispatched from Pukow for Tsinanfu a special party composed of one railway official, Mr. A. J. Hearne, a British subject who is chief engineer of the southern division of the Tsinpu Railway and two foreign newspaper correspondents, Mr. Alfred Batson, representing the *North China Daily News*, official British newspaper in Shanghai, and the writer, representing the *China Weekly Review*. The object of the trip was definitely to establish the integrityor falsity of the Japanese spokesman's statement. If the Japanese were sincere in their representation, it seems logical to believe that we should have had no difficulty in entering the Tsinanfu station. Furthermore, Mr. Hearne, representing the National Government, should have encountered no obstacle to the immediate possession and utilization of the following rolling stock which is at present, according to the manager of the Tsinpu workshops, the only man who really knows the actual figures, being detained at Tsinanfu: 47 locomotives, 33 passenger cars and 458 goods wagons in the workshops, and 4 locomotives, 9 service cars and 34 goods wagons in the locomotive sheds.

That the party never reached Tsinanfu by train, that the rolling stock still sits rusting in the yards at that city and that thus far the Japanese have declined officially to discuss either the resumption of traffic on the Tsinpu or the release of the cars and engines appear to this writer to be facts which establish beyond reasonable doubt that the Legation's statement was in each point inaccurate.

In order clearly to portray the scene at this formerly Chinese-governed city it is necessary first briefly to review the manner in which the Japanese have ensconced themselves at Tsinanfu. And it is desirable also to show the situation of the ex-capital of Shantung in relation to the railways that enter it.

The "Neutral Zone" Surrounding Tsinanfu

Tsinan—the *fu* usually is attached as an honorific meaning capital—before the Japanese invasion, could be reached from three directions: north, south and east. The Kiaochow-Tsinan Railway brought visitors from the seaport Tsingtao. Today it is the only line which directly connects Tsinanfu with the outer world. The Tientsin-Pukow (usually referred to as the Tsinpu) Railway joins north and south China via Tsinanfu—that is, it did prior to the Japanese blockade at the latter point. Now one must travel a distance of about 75 miles by motor car, or what is available, in some instances only mule cart or ricksha, in order to get from one end of the broken line to the other end. The terminus north of the city is at present three stations beyond the Yellow River Bridge. And the nearest one can come to approaching the city from the south is the station of Taianfu, (temporarily capital of Shantung) 65 miles south of Tsinanfu. Thus the Japanese occupation has had the effect of a blockade of traffic between the lower Yangtse valley and northern China.

Since last May no passenger or freight trains have been allowed to carry public traffic within 20 li around Tsinanfu, which restriction actually has affected a much wider area, as explained above. This section of Shantung was misnomered by the Japanese as a "neutral zone" immediately following the fateful clash in Tsinanfu between the Japanese and Nationalist soldiers. That affair now is known to all the world as the Tsinan incident. Today, eight months after those Tsinan atrocities, the military invasion of Shantung is enforced almost as strongly as ever. And according to recent dispatches from Tokyo the Tanaka government has no immediate intention of withdrawing the army from Tsinan and throughout the heart of the province.

Until recently General Fukuda has remained in Tsinanfu as the head of the Japanese military. This gentleman will be remembered as the Japanese commander who in the form of his "12 Hour Ultimatum" delivered to the then General Chiang Kai-shek what has been called a sequel to the infamous "21 Demands" of 1915.

To Fukuda the Chinese have had to present any requests for participation in the government of their city. And it was he, rather than Mr. Nishida, the Japanese Consul-general at Tsinanfu, who really was the last authority. So vigorous became the protests against his stay in Tsinanfu however, that Tanaka, apparently fearing international criticism, decided it would be wise to remove him. Thus the premier had General Fukada recalled to Japan, there to receive high decorations for valorous conduct. In his place another military gentleman, Colonel Tanai, today rules in Tsinanfu. Nishida so it is said, continues to be a kind of executive secretary to the first military authority.

Immediately following the May incidents General Fukuda ordered the Japanese troops to occupy the Tsinpu Railway Station and the Tsinpu Railway Hotel, two of the finest structures in the city and, of course, Chinese property. Japanese officers and headquarters still are established in these buildings it is reported, as well as in the Kiaochow Railway Station. The Japanese also ordered the suspension of all traffic on the Tsinpu Railway within their occuped zone. And all operations in the repair shops were ceased, as a result of which over 1,500 workmen were forced into idleness. Since October of last year, they have been receiving half-pay.

General Fukuda publicly stated that he had warned the National Government not to send any Chinese troops or officials of any kind within the "neutral" zone. And no Chinese representative of the National Government officially has been on this spot of Chinese soil for 8 months!

Last July a party of foreign newspaper men journeyed to Tsinanfu to question the Japanese authorities as to the restrictions they were placing on the so-called protected area. General Fukuda they asked for a statement as to Japanese intentions regarding the Tsinpu Railway. His answer was reported by all the correspondents, In itself it seems sufficient to prove the inaccuracy of the recent statement by the Japanese spokesman at Peking. He was quoted as saying:

"The Chinese will not be permitted to repair the Yellow River Bridge or to resume through traffic on the Tsinpu Railway until China has settled the Tsinan incidents to the complete satisfaction of Japan!"

So much for events which are gone but not forgotten. It is seen that Japan, until the enigmatic statement of December 19, made no official assertion that the rolling stock was not being interned in Tsinanfu nor that her directorship of that city had interfered with the administration of the railway. Having officially stated her position, as noticed above, she scarcely could have done so without ludicrous inconsistency. But now, half a year after, suddenly faced with the necessity of satisfactorily explaining her prolonged intervention in a provincial capital of the supposedly sovereign nation of China, the Mikadoans apparently overlook everything that has been said and done in the past and with amazing insouciance issue a statement in direct contradiction to those earlier passed out to a puzzled world! It would appear that Japan naively has concluded that it is also a moronic world.

The officials of the National government naturally were

(*Continued on page 298*)

DETENTION OF CHINESE CARS AND LOCOMOTIVES BY JAPANESE AT TSINAN

Stacks of goods piled at Peng Pu station, along the Tsinpu Railway. For lack of rolling stock being detained in the Japanese zone in Tsinanfu this rotting cargo cannot be moved. The Tsinpu Railway is losing approximately $40,000 a day because of its inability to move this and similar traffic.

A view of the interior of the repair shops at Tsinanfu, showing general conditions of disorder and inactivity within, attributed to Japanese restrictions. In the distance may be seen one of the cars from the once crack train of Asia, the famous "Blue Express."

Lower left: Two views of some locomotives being detained by the Japanese in the Tsinpu Railway yards at Tsinanfu.

Right: Mr. Tsu Ti Chen, engineer in charge of temporary lifting work at the Yellow River Bridge, and his assistant.

Treaty Regulating Customs Relations Between France and China

(Signed at Nanking, December 22, 1928)

The Republic of China and the French Republic, animated by the desire to further consolidate the ties of friendship which happily subsist between the two countries and to develop their commercial relations, have decided to conclude a treaty and have, for this purpose, named as their respective Plenipotentiaries, that is to say:

The President of the National Government of the Republic of China,

His Excellency Dr. Chengting T. Wang, Minister for Foreign Affairs of the National Government of the Republic of China;

The President of the French Republic,

His Excellency Count D. de Martel, Minister Plenipotentiary and Envoy Extraordinary of the French Republic to China, Commandeur de la Legion d'Honneur;

who, having communicated to each other their full powers, found in good and due form, have agreed upon the following Articles:

Article I

All the provisions which appear in the treaties hitherto concluded and in force between China and France relating to rates of duty on imports and exports of merchandise, drawbacks, transit dues and tonnage dues in China shall be annulled and become inoperative, and the principle of complete autonomy shall henceforth apply in respect of the customs tariff and related matters, subject, however, to the condition that each of the High Contracting Parties shall enjoy in the territories, possessions, colonies and protectorates of the other, in relation to the above specified and related matters, treatment in no way less favorable than that effectively enjoyed by any other country.

Article II

The Nationals of either of the High Contracting Parties shall not be compelled under any pretext whatever to pay, within the territories, possessions, colonies and protectorates of the other any duties, internal charges or taxes upon their importations and exportations higher or other than those paid by nationals of the country or by nationals of any other country.

Article III

The present Treaty has been written in Chinese and French and the two texts have been carefully compared and varified, but in the event of there being a difference of meaning between the two, the French text shall be held to prevail.

The present Treaty shall be ratified as soon as possible and the ratification shall be exchanged in Paris. It shall come into force on the day on which the two Governments shall have notified each other that ratification has been effected.

In faith whereof, the respective Plenipotentiaries have signed the present Treaty in duplicate and have affixed thereto their seals.

Done at Nanking this twenty-second day of the twelfth month of the seventeenth year of the Republic of China, corresponding to the twenty-second day of December, nineteen hundred and twenty-eight.

(signed) CHENGTING T. WANG
(signed) D. DE MARTEL

LETTER FROM FRENCH MINISTER TO MINISTER FOR FOREIGN AFFAIRS

Nanking, December 22nd, 1928.

Monsieur le Ministre,

Referring to Article I of the Treaty concluded this day, I have the honor to confirm to you that the French minimum tariff shall continue to be applied to the Chinese merchandise enumerated in the list hereto annexed until the conclusion of the agreement provided for in the following paragraph.

As to other articles in favor of which the Chinese Government desires to obtain the benefit of the French minimum tariff, owing to the impossibility for the French Government, on account of its customs legislation, to grant en bloc its minimum tariff, it is understood that a separate agreement establishing a reciprocal conventional tariff should be negotiated.

I avail etc.,

(Signed) D. DE MARTEL

ANNEXED LIST OF CHINESE MERCHANDISE ADMITTED INTO FRANCE UNDER THE MINIMUM TARIFF

Pure silk tissues
Pure silk scarfs
Pure silk crape
Pure silk tulle
Pure silk lace
Pepper
Pimento
Cinnamon
Nutmeg with and without shell
Clove
Tea

REPLY FROM MINISTER FOR FOREIGN AFFAIRS TO FRENCH MINISTER

Nanking, December 22nd, 1928.

Monsieur le Ministre,

I have the honor to acknowledge the receipt of your to-day's letter relating to the application of Article I of the Treaty which has just been concluded between the National Government and the French Government.

I beg to inform you that I am entirely in accord with the Statements contained in that communication.

I avail.,

(Signed) CHENGTING T. WANG

LETTER FROM FRENCH MINISTER TO MINISTER FOR FOREIGN AFFAIRS

Nanking, December 23rd, 1928.

Monsieur le Ministre,

In the course of the negotiations which have happily come to an end, we have studied in an equally amicable spirit the various questions pending between our two countries, and I believe that the result of our exchange of views should be specified as follows:

1. The French Government is prepared to open without delay negotiations for the conclusion of a new convention in place of the Sino-French Convention of April 25, 1886, the Additional Convention of Commerce of June 26, 1887 and the Convention Supplementary to this Convention dated June 30, 1895.

In the interest of both Governments, no change will be made in the present state of things with regard to Indo-China during the period of negotiations, it being understood that the principle of uniformity of tariff at the land and maritime frontiers is in no way affected, so that the tariff in force at the Chinese maritime frontiers shall apply at the same time at the Indo-Chinese frontiers. However, the present rates of reductions on duties for imports and exports shall still remain in force during such negotiations which the French Government on its part is prepared to conclude at an early date.

2. In the interest of the development of the economic relations between France and China, it is necessary that merchandise should not bear excessive taxes.

It is with this object in view that the abolition of likin has appeared desirable as well to the French as to the Chinese Governments. In the same way, the addition of provincial taxes in lieu of likin to the proper customs taxes will have the effect of paralyzing business. The French Government has no doubt that the National Government will abolish likin as soon as possible after the new customs regime comes into force and will prevent effectively the establishment of the said provincial taxes.

3. The service of certain loans involving French capital contracted by the Chinese Government is now discontinued owing to the lack of resources. The allocation of a part of the additional funds furnished by the customs for the service of those loans will constitute a measure apt to develop happily the economic relations between France and China, and the French Government does not doubt that the National Government will take the necessary steps to that effect.

I avail etc.,

(Signed) D. DE MARTEL

REPLY FROM MINISTER FOR FOREIGN AFFAIRS TO FRENCH MINISTER

Nanking, December 23rd, 1928.

Monsieur le Ministre,

I have the honor to acknowledge the receipt of your letter of today's date relating to (1) the forthcoming application of the new Chinese customs tariff at the Indo-Chinese frontiers the maintenance of the present state of things in Indo-China until the conclusion of a new convention (2) the desirability of the abolition of likin, and (3) the desirability of taking appropriate measures providing for the service of certain loans.

I beg to inform you that I am entirely in accord on this matter.

I avail etc.,

(Signed) CHENGTING T. WANG

LETTER FROM MINISTER FOR FOREIGN AFFAIRS TO FRENCH MINISTER

Nanking, December 23rd, 1928.

Monsieur le Ministre,

I have the honor to inform Your Excellency that the National Government hopes to be able to conclude with the French Government before March 31, 1929, the new convention concerning Indo-China, the forthcoming negotiation of which has been provided for.

However, the provisions relating to the reductions of duties on imports and exports at the Indo-Chinese frontier, provisions referred to in Your Excellency's letter of today's date, shall cease to be applied beginning from March 31, 1929, even if the new convention is not yet concluded.

I avail etc.,

(Signed) CHENGTING T. WANG

REPLY FROM FRENCH MINISTER TO MINISTER FOR FOREIGN AFFAIRS

Nanking, December 23rd, 1928.

Monsieur le Ministre,

Your Excellency has addressed me this day a letter informing me that the present rates of duty reductions for imports and exports at the Indo-Chinese frontier shall cease to be applied on March 31, 1929, even if by that date the negotiations for the conclusion of a new convention are not yet concluded.

I beg to acknowledge receipt of this communication for any useful purposes.

I avail etc.,

(Signed) D. DE MARTEL

LETTER FROM FRENCH MINISTER TO MINISTER FOR FOREIGN AFFAIRS

December 23rd, 1928.

Monsieur le Ministre,

I have been authorized by my Government to enter into negotiations during the latter part of next January for the conclusion of new conventions relating to Indo-China.

I hasten to convey this information to Your Excellency.

I have the honor to be, etc.,

(Signed) D. DE MARTEL

Preliminary Treaty of Amity and Commerce Between Spain And China

(Signed at Nanking, December 27, 1928)

The Republic of China and the Kingdom of Spain, being equally animated by the desire to strengthen the ties of friendship which happily subsist between the two countries and to promote and consolidate their commercial relations, have resolved to conclude a Preliminary Treaty for Amity and Commerce, and have, for this purpose, named as their Plenipotentiaries, that is to say:

His Excellency the President of the National Government of the Republic of China:

Dr. Chengting T. Wang, Minister for Foreign Affairs of the National Government of the Republic of China;

His Majesty the King of Spain:

Don Justo Garrido Y Cisneros, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the King of Spain to China;

Who, having met and communicated to each other their respective full powers, found in good and due form, have agreed upon the following Articles:

Article I

The two High Contracting Parties agrees that the customs tariff and all matters related thereto shall be regulated exclusively by their respective national legislations.

It is further agreed that each of the High Contracting Parties shall enjoy in the territories of the other, with regard to customs and all related matters, treatment in no way less favorable than the treatment accorded to any other country.

The nationals of each of the High Contracting Parties shall not be compelled, under any pretext whatever, to pay within the territories of the other Party any duties, internal charge or taxes upon the importation or exportation of goods, other or higher than those paid by the nationals of the country or by the nationals of any other country.

Article II

The nationals of each of the High Contracting Parties shall be subject, in the territories of the other Party, to the laws and jurisdiction of the law courts of that party, to which they shall have free and easy access for the enforcement and defence of their rights.

Article III

The two High Contracting Parties have decided to enter as soon as possible into negotiations for the purpose of concluding a Treaty of Commerce and Navigation based on the principles of absolute equality and non-discrimination in their commercial relations and mutual respect for sovereignty.

Article IV

The present Treaty has been drawn up in two copies in the Chinese, Spanish and English languages. In the event of there being any difference of meaning, the English text shall be held to prevail.

Article V

The present Treaty shall be ratified as soon as possible and shall come into force on the day on which the two Governments shall have notified each other that ratification has been effected.

In faith whereof, the respective Plenipotentiaries have signed the present Treaty and have affixed thereto their seals.

Done at Nanking this twenty-seventh day of the twelfth month of the seventeenth year of the Republic of China, corresponding to the twenty-seventh day of December nineteen hundred and twenty-eight.

(Signed) CHENGTING T. WANG
(Signed) GARRIDO Y CISNEROS

ANNEX I

MINISTRY OF FOREIGN AFFAIRS

Nanking, December 27, 1928.

Monsieur le Ministre,

In the name of the National Government of the Republic of China, I have the honor to state that Article II of the Treaty signed this day between China and Spain shall be understood to begin to be operative on January 1st, 1930. Before such date the Chinese Government will make detailed arrangements with the Spanish Government for the assumption by China of jurisdiction over Spanish subjects. Failing such arrangements on the said date, Spanish subjects shall be amenable to Chinese laws and jurisdiction from a date to be fixed by China, after having come to an agreement for the abolition of extraterritoriality with all the Powers signatory of the Washington Treaties, it being understood that such a date shall be applicable to all such Powers.

By "Powers signatory of the Washington Treaties" shall be meant those Powers, other than China, which directly participated in the discussion of Pacific and Far Eastern questions in the Conference on the Limitation of Armament held in Washington in 1921-22.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

(Signed) CHENGTING T. WANG

His Excellency
Don Justo Garrido Y. Cisneros,
Spanish Minister to China,
Nanking.

Nanking, December 27, 1928.

Monsieur le Ministre,

I have the honor to acknowledge the receipt of Your Excellency's Note of to-day's date which reads as follows:

"In the name of the National Government of the Republic of China, I have the honor to state that Article II of the Treaty signed this day between China and Spain shall be understood to begin to be operative on January 1st, 1930. Before such date the Chinese Government will make detailed arrangements with the Spanish Government for the assumption by China of jurisdiction over Spanish subjects. Failing such arrangements on the said date, Spanish subjects shall be amenable to Chinese laws and jurisdiction from a date to be fixed by China, after having come to an agreement for the abolition of extraterritoriality with all the Powers signatory of the Washington Treaties, it being understood that such a date shall be applicable to all such Powers.

"By 'Powers signatory of the Washington Treaties' shall be meant those Powers, other than China, which directly participated in the discussion of Pacific and Far Eastern Questions in the Conference on the Limitation of Armament held in Washington in 1921-22."

I have the honor to state that the Spanish Government is in full agreement with the above statements.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

(Signed) GARRIDO Y CISNEROS

His Excellency
Dr. Chengting T. Wang,
Minister for Foreign Affairs,
Nanking.

ANNEX II

DECLARATION

I have the honor to declare that on or before Jaunary 1st, 1939, the Civil Code and the Commercial Code, in addition to other codes and laws now in force, will be duly promulgated by the National Government of the Republic of China.

(Signed) CHENGTING T. WANG

ANNEX III

DECLARATION

In the name of the National Government of the Republic of China, I have the honor to declare that, when Spanish subjects cease to enjoy the privileges of consular jurisdiction and other special privileges, and when the relations between the two countries are on a footing of perfect equality, the Chinese Government, in view of the fact that Chinese citizens, subject to the limitations prescribed in Spanish laws and regulations, enjoy the right to live and trade and to acquire property in any part of Spanish territories, will grant the same rights to Spanish subjects in China, subject to the limitations to be prescribed in its laws and regulations.

(Signed) CHENGTING T. WANG

ANNEX IV

JOINT DECLARATION

It is understood that Spanish subjects in Chinese territories and Chinese citizens in Spanish territories shall hereafter pay such taxes or imposts as may be prescribed in the laws and regulations duly promulgated by the Chinese and the Spanish Government respectively, provided that such taxes or imposts are not other or higher than those paid by the nationals of any other country.

(Signed) CHENGTING T. WANG
(Signed) GARRIDO Y. CISNEROS

Rapid Progress on Roads Connecting Hangchow and Nanking

The survey of the route of the projected motor road which will connect Shanghai and Hangchow is being pushed rapidly. One survey gang was at work in Chapu on the coast of Chekiang province, during the Christmas holidays. On January 1 they had practically completed the rather difficult work of selecting the route to be followed through the suburbs of Chapu and the farm land in the neighborhood. The route through Chapu will be outside the ancient city walls and it will only be necessary to widen one street for a few hundred yards in order to accommodate motor car traffic. The road when completed will be about 150 miles long and will form an important new artery of trade connecting many important market towns. The Shanghai terminus of the new road will be on the bank of the Whangpoo opposite Minghong and it is understood that the Hangchow terminus will be at Zahkou, the suburb on the Tien Dong River where the offices of the Standard Oil, the Asiatic Petroleum Co. and other foreign firms are located.

Asia Realty Company Report Is Optimistic

A survey of the Shanghai real estate market was recently issued by the Asia Realty Company, in course of which a short review was given of conditions in Shanghai during the year 1928. The beginning of the year, the report stated, marked the emergence of public confidence in Shanghai from a turbulent sea of doubt and pessimism, but matters improved during the year and there is no question that real estate prices have risen considerably. The rise was spectacular in the French Concession and also in the Northern district and in Bubbling Well road. Chinese and foreign residential property had an excellent market throughout the year and warehouse space was also in good demand. Modern sanitation is now being demanded by the better class Chinese. Apartment houses continue to increase in number. One of the most remarkable evidences of the return of confidence in Shanghai has been the rapid resumption of building construction in all parts of the city. The improvements at Nanking are also having a beneficial effect on Shanghai.

The Story of Eugene Chen

BY ARTHUR A. YOUNG

THE story of Eugene Chen, former Foreign Minister of the National Government of the Republic of China, best illustrates the significant part which overseas Chinese are destined to play in the New China.

It has often been said that "pull" and family connection are the chief assets in getting a toe-hold in Cathay. That was explicitly true of the crumbling regime. It might not be so accurate of the one replacing it.

Eugene Chen's case is an outstanding example. Sheer ability and sacrificial work placed him in the high office he once filled. No one who knew Chen as Eugene Bernard Achan in his boyhood days in Trinidad, a British island in the West Indies where he was born and raised fifty-three years ago, ever dreamed that he would have risen to such a pinnacle in world diplomacy as to be dubbed for a time, "China's man of the hour."

Mr. Eugene Chen

Most of the leading personalities in New China are foreign-educated; but Eugene Chen is the notable foreign-born who etched his way to a post of signal responsibility. For an unknown man, without pull or prestige, to taste the limelight in a country as tradition-charged as China is proof, if proof were needed, that China is sowing real seeds of democracy.

From Humble Beginnings

The story of Chen's leap from a West Indian backyard to a seat among world diplomats is one of the most romantic that has grown out of the complexities in the Far East, and parallels the log-cabin-to-White House legend of America. It has been the inspiration for thousands of overseas Chinese who feel keen sympathy for their old country.

Eugene Chen was born at San Fernando, a sea-port town of a few thousand on the Island of Trinidad, the spot made famous by the celebrated asphalt lake, which is located sixteen miles from Chen's birthplace. The modest roof where he was cradled, and the rose trees he tended after school hours, and the back lawn where he played cricket, are still there.

In his "teens, Chen attended the local Borough school, which was headed by old Wenscelaus Touissant, one of the greatest elementary school teachers in the West Indies. Trinidad classmates, among whom are lawyers, doctors, and a King's Counsel, recall that he was the envy of the school; his native intelligence and wit were marked from the very beginning. Chen was always a student, and one of his common hobbies was to lie with a book under a mango tree and drain its contents.

From the southern sea-port town, Chen went to Port-of-Spain, the capital city of Trinidad, where he enrolled as a student at St. Mary's College, a Roman Catholic institution with a standard equivalent to a glorified American high school. Island scholarships, entitling the holder to professional study in British seats of learning, were available, and young Chen set his heart on winning one.

At that time it was the ambition of Mr. Chen to become an English M. B., Ch. B., and the idea of studying law and

eventually emerging a fullwinged diplomat was as foreign from his mind as his ancestral home. But fortunately for the Nationalists' cause, Chen missed his aim, and his plan of winning a British education was temporarily shelved.

When he left St. Mary's, he turned to the closest thing that Trinidad offered for one with limited means and high purposes. He articled himself with a local solicitor, Maresse-Smith. It was in the latter's office that incipient signs of the future writer and diplomat became apparent.

Maresse-Smith was active in the agitations of the local water riot, which was then the cause of much trouble on the island. Chen caught the political contagion. With his literary flair, he splashed himself over the local press. Signed by a pseudonym, his writings displayed an analytical mind and vitriolic style which have later marked his work as editor and diplomat. Chen won further notice by a minority report on a local public issue, then and still considered a classic of its type in Trinidad. Chen served as member of the Manzanilla Local Road Board and other Boards.

The Urge for an Education

The urge for an English education flickered in his mind. It flamed anew when the Tenth Edition of the Encyclopedia Brittanica appeared. The *London Times* offered scholarships for the best answers to test questions. Trinidad's aspirant was Eugene Chen, who continually surprised co-competitors with the extent of his knowledge. His researches reached far into the night, and though his prize never materialized and the English education remained a vision, he acquired a sure grip on a fountainhead of knowledge.

When his time was served, it was no trouble for Chen to get himself enrolled as a solicitor, conveyancer, and Notary Public in the Supreme Court of Trinidad and Tobago. Immediately, he opened his own offices and practiced the profession until he left the colony in 1911.

As a solicitor and conveyancer, he not only gained experience in legal technique which was to serve him faithfully in his later diplomatic contacts, but he also enjoyed a prestige that ranked him among the leading practitioners on St. Vincent Street, the island's legal row.

Chen was well-known then. He wore a neatly-trimmed moustache, and was snappy-looking. Short of stature and well-built, he was the apex of culture. With an English accent, he spoke with the fluency of an orator. He lived at St. Clair, a suburb of Port-of-Spain, where he drove to and fro in a Hindu-manned buggy every morning and afternoon. His two-storied stone dwelling was stencilled in the midst of an elaborate garden, exotic with scents and colors.

An Omnivorous Reader

He was an omnivorous reader. His library, crammed with classical and legal works in expensive covers, furnished the vintages that his thirsty mind craved. He quaffed deeply after office hours. In this way, he acquired the intellectual culture which many inferred was Oxford-inspired, but, in reality, was self-made. Chen's school-days were over when he left St. Mary's.

Neither his style of living nor his habits of speech emphasized at that time his Chinese ancestry. But Chen was Chinese through and through. His grandparents migrated from Canton well over fifty years, and tried their fortunes first in Martinique. Later, they reached Trinidad, and settled at San Fernando where, as merchants, they started business. With them were three daughters and two sons. The eldest daughter married a Chinese from Martinique, the union resulting in several children of whom Eugene was the first.

Chen's mother and sister still occupy the old house in San Fernando where he was born. Though the old lady is seventy-six years of age, she is unusually lively and cheerful. She loves to crack jokes and recall reminiscences to anyone who would sit and listen.

Beloved by the whole town, she is known as Ma Chen, and folks still note her jolly smile when she is on her way to attend Mass at the Roman Catholic Church three-quarters of a mile away. She is barely four feet—which explains her son's diminutive size—and speaks patois as well as English, besides her native tongue.

Mrs. Chen hates publicity. All efforts to secure her picture when Eugene leaped into world-wide notice failed. The story is told of a photographer who chased her from room to room. She stopped suddenly and said whimsically, "Well, here I am. Have my picture!" As the camera-man got his lens ready, she threw her skirt over her face.

Of Chen's brothers, one is an engineer in the British Isles, one is in Singapore, and two are in Trinidad: one in the civil service and the other a solicitor.

Under Dr. Sun Yat-sen

It was during a trip to London in 1911 that Eugene Chen met Dr. Sun Yat-sen, under whose wing he was later to work and fight. The great revolutionist sounded the young Trinidadian, admired his grasp of legal problems, and sensed the possibility of a useful warrior. Sun's judgment was right, for almost from the time Chen set foot on his ancestor's soil, he was in the firing line of affairs. His weapon was a pen, and his bullets were words.

When Chen arrived in China in 1912, he was immediately appointed legal advisor to the Ministry of Communications under Dr. Sun who was then Director of the railroad administration. When Dr. Sun went out of power, Chen followed him, and was, for four years, editor of the *Peking Gazette*.

The newspaper trade in China was then freighted with pitfalls, and one of the hobbies of warlords was to intimidate bold-speaking editors by either chopping off their heads, or shutting up their shops and hurling them into prison. Chen's courage as an editor never failed him, and, on more than one occasion, a huge sum was fixed for his head.

His daring pen, sparing neither warlord nor imperialist, attacked every agency inimical to Chinese nationalism, with the result that he paid the price in 1917, when he was thrown into prison for his opposition to the Chinese-Japanese military pact which he feared would give Japan a grip on the Republic. A party shift relieved him, and he joined his leader in Canton.

His work as an editor was widely admired by both friend and foe. He soon gained a reputation as the most fluent Chinese writer of English. His keen criticism and rapier-like invectives made him as much loved and hated as Horace Greeley during America's emancipation days.

At the Paris Peace Conference, Chen served as advisor to the Chinese delegation, and his memorandum on this occasion was described as one of the ablest of its kind ever submitted to the Assembly. Following the Conference, he devoted a few years to studying and writing in London and America.

In 1920, back in China, his militant pen returned to power as editor of the *Shanghai Gazette* until he was called to Canton to serve as advisor to the Foreign Office. In 1924, he followed Dr. Sun to Peking as private secretary, and when Dr. Sun died a year later, he resumed the Nationalists' cause as editor of a bi-lingual paper at Peking.

Here, again, he paid the penalty of being imprisoned by Chang Tso-lin when he levelled articles attacking the policies of the Manchurian overseer. Chen, irrespective of consequences, never failed to voice his mind. By a sudden turn of fortunes, the Peking territory capitulated to Feng Yu-hsiang, and Chen was freed. He returned to Canton and continued his post in the Foreign Office, which he eventually headed as Minister of Foreign Affairs of the Nationalist Government of China in Hankow.

It was during the Chang incarceration that the British press, with which he was always at arms, harped on the situation that Chen had applied for English protection as a British-born citizen. Chen, advanced in years, was not in a condition to withstand torture as in younger days. In a few months his hair turned grey and he showed physical effects of the suffering. Today he is a naturalized citizen.

His Hankow days were episodic. His notes and memorandums blared and crackled on every front page of consequence in the world. Even the man in the street developed an opinion of the Chinese puzzle. When Hankow was "redeemed," the climax of Chen's career was reached.

When the split in the Kuomintang occurred a year ago and the Right Wing rode into power, Chen, a leader of the Left Wing, left Hankow and followed Mrs. Sun Yat-sen, Borodin, and others to Russia. With the party were his two children, whose mother, now dead, was a descendent of Admiral Ganteaume, one of Napoleon's admirals, who was driven to Trinidad after the Battle of Trafalgar.

Both were educated in England, the son, Percy, being a graduate of law, and the daughter, Sylvia, of English finishing schools. Until a couple years ago, they lived in Trinidad, where Percy was a Barrister-at-Law, and Sylvia, the island's favorite amateur danseuse.

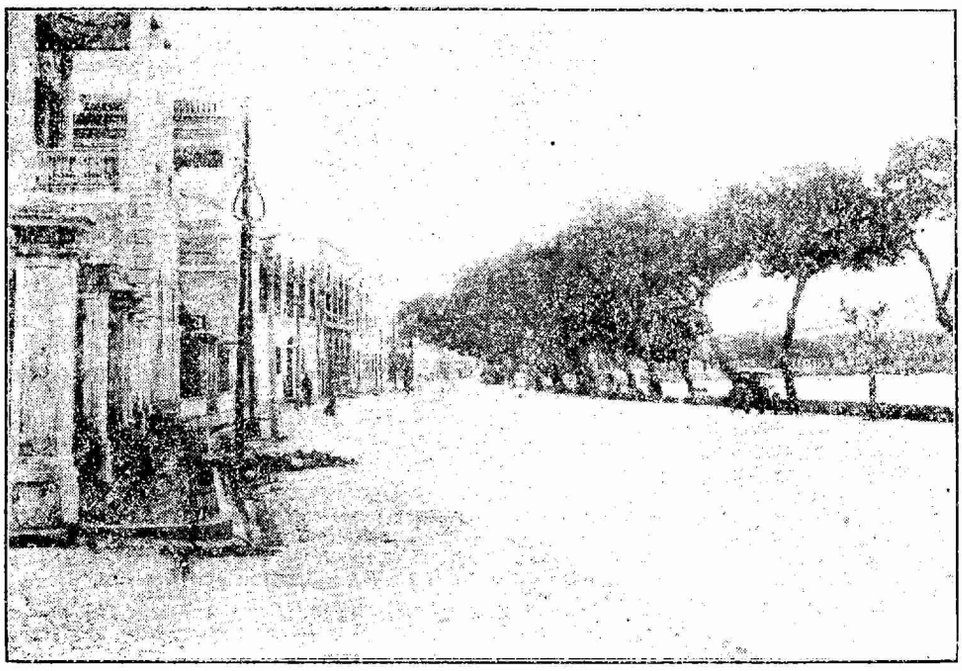
Eugene Chen's story is vibrant of the New China in the making. Unknown, self-trained, from a hidden British outpost handicapped by language and by citizenship, he rose to a position of great responsibility and did his historic bit in forging the foundations of the New China. His vivid and daring career is symbolic of the struggles of Nationalist China-the New China now emerging with wings of democracy.

10525 Wilbur Ave. Cleveland, Ohio., Dec. 15, 1928.

How Macao Lost Her Commercial Supremacy

BY J. A. J.

LEGITIMATE trade between Portugal and China as carried on in Macao ceased to exist from the time the Europeans found the introduction of opium into this country a lucrative business. It is a pity the Portuguese deviated from the path of legitimate trade for otherwise who could deny that, instead of falling into a third-rate position, Portugal would to-day be occupying the position of a first class Power. She was the first European nation to send expeditions to the Orient and the start she obtained in European-Asiatic intercourse ought to have placed her in a position of unquestioned security. Indeed, due to this start, Macao flourished under the *aegis* of the Portuguese pioneers until 1780 or thereabouts when the opium trade commenced to hold sway. Blinded by the huge profits derived from this trade, the Protuguese at Macao deserted legitimate business.

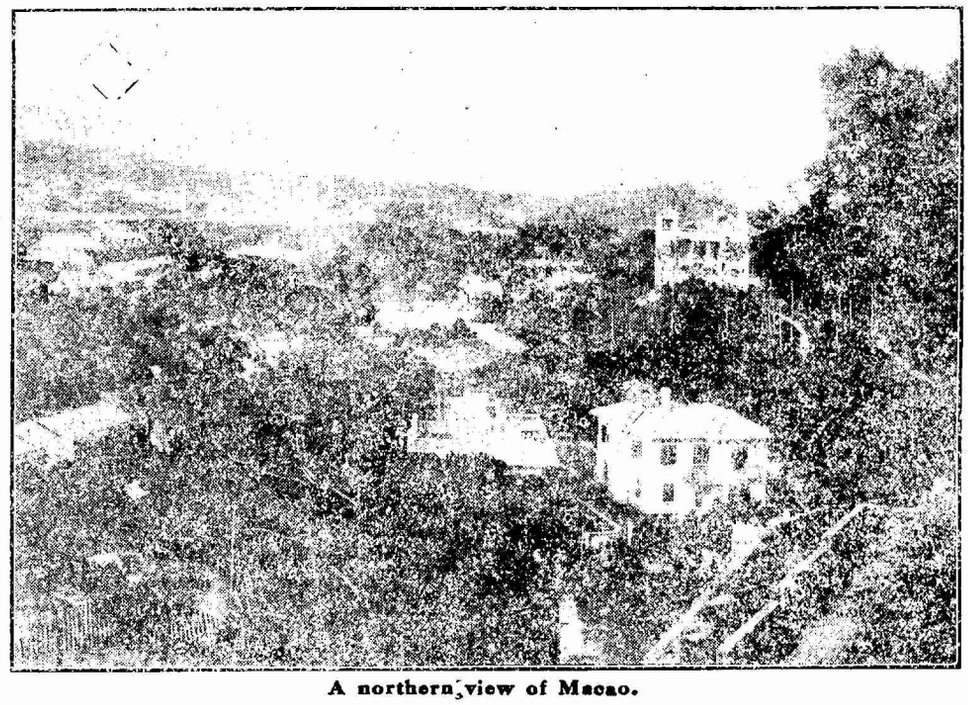


Praia Grande or Macao Bund.

The decay of Macao may be safely said to have commenced with the development of the opium trade. To give an idea of the excellent start the Portuguese had in European-Asiatic intercourse, we have only to bear in mind that whereas they first came out to China in 1516 on a prospecting expedition under Rafael Perestrello, British trade with China did not commence until 1637, or 121 years later. In 1517 Fernao Perez de Andrade arrived with eight ships at Shang-ch'wan, an island off Macao, and proceeded to Canton with two ships and received permission from the Viceroy to trade. Trade in Fukien was commenced by the Portuguese in 1518, trading centers being established at Tsuanchowfu and Foochow, and even in Chekiang the Portuguese found a strong footing at Ningpo. Macao was established as a trading post in 1537. The English made their first attempt to trade with China in 1596 when a mission was sent out to this country. The ship carrying the mission was, however, lost at sea with all on board. In 1635 the East India Company, under a special permit from the Governor of the Portuguese Colony of Goa, dispatched a ship to Macao and in the following year a squadron of four ships left England under the command of Captain John Weddell which reached Macao on June 25, 1637. The Portuguese at Macao refused to have anything to do with the "usurpers" and Captain Weddell was obliged to force his own way to Canton where he disposed of his cargo and loaded with sugar and ginger. In 1664 and 1674 further attempts were made to open up trade with Canton by the East India Company but without much success, owing again to Portuguese opposition. In 1670 the English met with success at Amoy and in Formosa, a second attempt being made at Amoy in 1677. The year 1681 saw the Company's "factory" at Amoy closed, and in that year another unsuccessful attempt was made to open up trade at Canton. In 1557 an Imperial rescript was issued prohibiting all foreign trade except at Canton.

The Beginning of the Export Trade

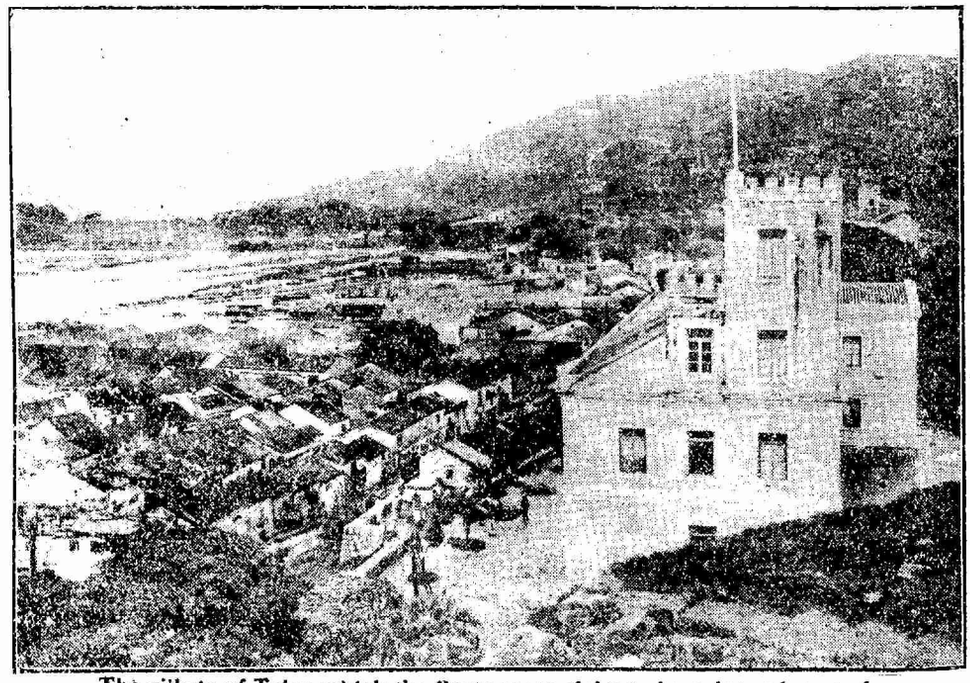
Prior to the advent of the Portuguese, Chinese products had already found their way abroad. As far back as the Chow Dynasty (1122-249 B.C.), there was a trade with "eight neighboring nations" at Canton, according to Chinese records. Commerce in those days was practically limited to "tribute" for which the Imperial Court returned presents. This exchange of goods is recorded in the Book of Records in an article on the Tribute of Yu and refers to an "interprovincial" exchange of goods, including silk, lacquer, grass cloth, salt, gems, gold, silver and other metals, iron and manufactured goods. The rulers of China had very loose and elastic ideas as to the extant of their domains, hence goods coming from abroad were called "provincial" goods. By 522 B. C. customs barriers were known to exist. A foreign trade was in existence about 140 B. C. with the Hsiung-nu tribes on the northern frontier. The nomads brought horses and beasts. Korea whose capital at that time was Mukden, sent pearls, sables and iron. In 229 A. D., Chinese travellers, returning from western Asia, told tales of Chinese goods being sold in the markets from the Pamirs to Mesopotamia. These travellers found Chinese goods sold in Bactria, to which the goods came via India. Chinese goods found their way to Rome by way of Parthia. Eventually the Romans and Chinese sought to break the Parthian monopoly by looking for a suitable trade route. During the Han Dynasty, at the time of the Babylonian Captivity, the Jews found their way to China.



A northern view of Macao.

They established themselves at Kaifeng where they maintained a community until the middle of the last century. In 413 A. D. there was an overland traffic as well as a sea traffic, between China and India. A trade with Turkey was inaugurated during the Fifth Century when iron wares found their way to China. China sent tea to Turkey. At this time, trade with Persia also began, whereas trade with Byzantium commenced the next century, China sending silk. During the 7th Century trade with Siam developed. Persians, Indians, Arabs and others came by sea to China. In 618 and 628 the Mohammedans appeared in Canton, Tsuanchow and Yangchow. China's foreign trade became so important that an Inspectorate of Maritime Trade was established in Canton in 971 A. D. Prior to this time there were no tonnage charges, customs duties or transit charges.

The reason that brought the Portuguese out to China was precisely the same as that which led the Romans, in conjunction with the Chinese, to seek a direct trade route. In other words, the Portuguese, realizing that it would be more profitable to import direct from China and sell direct to the Chinese instead of dealing through middlemen, commenced organizing regular trade expeditions to China in 1517. From this time until 1780 the Portuguese confined themselves to legitimate trade and augmented the prestige of Portugal as a civilized country. From the time the traders at Macao gave their whole attention to opium, the decay of Macao commenced. It is true that money continued to pour in for half a century thereafter from opium but when the British secured possession of Hongkong in 1841 and thereafter developed a legitimate commerce with China, the Portuguese found themselves wholly unprepared. Had they confined themselves to legitimate trade and invested their earnings in the development of the port, as well as going half out of their way to respect the susceptibilities of the Chinese, Macao would never have been supplanted by Hongkong.



The village of Taipa which the Portuguese claim to be a dependency of Macao but which the Chinese refuse to recognize.

The Slave Trade

It is a sad commentary on Lusitanian civilization that the Portuguese at Macao also engaged extensively in the slave trade. Numerous Macao citizens competed with one another in supplying coolies to Peru and the competition became so keen that countless abuses were practiced. On March 25th, 1852, a letter appeared in the *China Mail* (Hongkong), presumably inspired, defending the Peruvian coolie trade—the first notice we find of it in that paper. In January 1853, coolie tragedies again drew attention to the evils of the traffic. On September 11th, 1854, a proclamation appeared in the Hongkong *Government Gazette*, declaring it illegal for British subjects to engage in the coolie trade to the Chincha Islands, such trade, in the words of the proclamation, having resulted "in the most aggravated form of slavery." An action for libel was entered against the Editor of the *Friend of China* for certain remarks in that paper respecting Mr. Robinet, Peruvian Consul for Canton and Macao. It must be stated here, however, that the British authorities at Hongkong were not very sincere when issuing the proclamation aforementioned for we find that in 1854 the first shipment of emigrants from Hongkong to Jamaica was reported to have arrived at Kingston. In fact the impression was given at that time that the prohibition enforced by the Hongkong authorities against the participation of British subjects in the coolie trade with Chincha Islands was to prevent coolie emigrants from being deviated from Jamaica. This impression was more or less confirmed by the appearance of another proclamation, on February 3rd, 1855, to be precise, stating that "as measures have been taken for the better treatment of, and regular supervision of, Chinese laborers at the Chincha Islands," the proclamation of September 11th, 1854, prohibiting the traffic by British subjects or in British vessels was withdrawn. The fact of the matter is that there was no improvement in the situation at all. Things went from bad to worse and in March 1857 great complaints were made in regard to the "coolie slave trade" as it was called and the existence of closed barracoons at Macao was made known to the public.

In May 1859 the *Hongkong Daily Press* passed certain caustic remarks in reference to this disgraceful trade with the result that a Mr. Fernandez, instituted proceedings against the Hongkong paper. In June of that year, the coolie trade again called for public reprobation at Hongkong and an article in the *Daily Press* of June 19th. spoke of it in no measured terms. A prosecution was commenced by the same Mr. Fernandez against Mr. J. J. da Silva Souza who had quoted in his paper, the *Echo de Povo*, a portion of the *Daily Press* article. It must be stated in this connection to the credit of the Macanese of Hongkong that they protested from time to time against the disgraceful methods employed at Macao in press-ganging coolies for shipment abroad. Mr. Souza apologized to save the trouble and expense of a lawsuit which he would probably have gained had the case been carried into court, and had to pay the costs of the plaintiff in the action, amounting to some $250. Hongkong Currency. Emigration from Canton to the West Indies was set on foot at Canton in 1859 and received the sanction of viceroy Lao who was then in office. The American ship *Flora Temple* bound for Havana was lost in November 1859 on the Paracels reef and 850 coolies were drowned.

A Press-Gang System

Up to the late fifties, Macao harbor was always full of ships engaging in the coolie trade. Competition amongst the coolie brokers was so keen that all sorts of tricks were resorted to secure coolie brokers in Macao and surrounding districts. What amounted to a press-gang system was in force and many were the heart-rending stories of husbands unwittingly separated from their wives, thanks to the energy of the unscrupulous brokers and their employees. Each broker entered into a contract with the Peruvian consul, guaranteeing to supply so many coolies, and received so much in advance as "earnest money." Any broker that failed to supply the number of coolies called for under the agreement was forthwith discarded by the consul, so that every broker was determined to furnish his quota of coolies by hook or by crook. Cases were frequent where even *bonzes* were lured on board outgoing ships and were battened down in the hold to make up for shortages in coolies! The coolie trade absorbed so many lower class Chinese that domestic servants of Chinese nationality became quite scarce in Macao and the Macanese had to bring in natives of Timor and Goa to fill the role of servants. And in this connection it is not out of place to mention that quite a trade was brought about by this demand for Timor and Goa natives. Nor must it be overlooked that they were often subjected to gross cruelty.

In fairness to the saner element of Macanese it must be admitted that there were many in those days who were loud in condemnation of the slave trade. In 1874, when a great typhoon, accompanied by a conflagration, devastated Macao, superstitious people there attributed it to the wrath of the Almighty over the city's past scandals. Be that as it may, Macao never recovered from the disastrous effects of the 1874 typhoon. Attempts have been made at regular intervals to revive the prosperity of the place but never with any

(Continued on page 287)

Tariff Autonomy and National Reconstruction*

BY KAN LEE

"There are two things in which all well-being consists; one of them is the choice of a right end and aim of action, and the other the discovery of the actions which are means towards it."—Aristotle, in "Politics".

Some three weeks ago, on the seventh of December, the National Government promulgated simultaneously two important mandates. In one of them the new tariff, its coming having been heralded long before its actual publication, was made public; in another it was further stated that this new tariff shall be put into force on February 1 of the coming year. Some technical questions, of course, remain to be settled. It is yet for the Government to decide, for example, whether the date on which the new tariff is to come into effect is to be calculated upon the time of arrival of the merchandise or upon the time of lading. International practice is overwhelmingly in favor of the former alternative, but still the power of final choice lies with the Chinese government. Many articles in the new tariff, again, are all-inclusive in nature, for which strict interpretation is necessary.

These minor considerations, however, must not obliterate the salient and important point achieved by the Chinese Government. For the first time in recent history, the Chinese government has been able to promulgate China's customs tariff, without the formal diplomatic consent of all the treaty powers. The significance of this step cannot ever be over-estimated. Ever since the year 1843, it had been the practice that any changes in the Chinese tariff, or even changes as regards such minor points as valuation, must be rectified by the governments of the treaty Powers. That such a practice, with the necessary encumberance appertaining thereto, practically precludes any possibility of constant tariff revision, is evidenced by the rarity and the ineffectiveness of such revisions in the past. The new tariff, among other things, puts this state of things to an end. Though good only for one year, it opens a way towards the future. Care must be taken, indeed, that these future revisions must not fail to take into consideration the conditions of foreign and domestic production, and that the tariff should not entail unnecessary hardships on foreign producers and domestic consumers. Such, however, become purely matters of international policy, and cease to be a treaty obligation. This transitional tariff, in short, prepares the way for the nation to the adoptation of a tariff policy, which cannot obtain under the system of conventional tariff, hithertofore in force.

A New Principle

For the first time in recent history, furthermore, the new Tariff introduces a new principle into Chinese tariff making. Instead of a flat duty applicable to all commodities, which has always been the practice since 1843, (except the brief period after the enforcement of the 2½% luxury surtaxes) the new schedule comprises of some seven different grades of rates of duty, ranging all the way from some 30% to 7½%.

It is by no means our intention to aver that the division of commodities into various groups, and the affixation of a certain rate of duty to each group, are practices which conform to the best method in the making of a tariff. Such, however, has been the prevalent Chinese usage. The Tariff Law promulgated by the Peking Government in 1917—which was originally meant to apply to countries having no conventional tariff agreements with China but which was never enforced—divided commodities into four groups, luxuries, semi-luxuries, useful articles and necessaries, on which duties of 100%—30%, 30%—20%, 20%—10% and 10%—5%, respectively, were to be levied. This classification was followed in the main in the abortive experiment of antonomous tariff of 1927. Not to say that these groupings fail to give any clear cut line of division, this arrangement fundamentally errs in that it does not take into consideration the trading conditions of various commodities, such as conditions of foreign supply, domestic competition, possible substititions etc.

If we compare these schedules—including the New Tariff—with the present tariff in force, however, the improvement is evident. All of them, indeed, are at fault in that the free list is too restricted, and in that many duties are merely nominal, being too low to be significant either from a revenue or from a protective point of view. But, whereas the present tariff is based upon a flat duty rate, the new tariff as well as those other schedules of general tariff published before, is based upon a differential schedule of duties, which is a marked advance over the old method.

This consideration of the new Customs tariff brings us to a deeper and more fundamental question: What place does tariff antonomy rightly occupy, in a general program of national reconstruction? The current public opinion, if we are not far mistaken, seems to direct towards the illusory conclusion that, should tariff antonomy be restored to China, national prosperity must necessarily follow. The chain of reasoning seems to run as follows: tariff antonomy having been restored to China, adequate protection can be afforded to China's growing industries; these industires shall develop in response to the stimulation thus offered; and the problem of national reconstruction would be rendered easy. To this the industrial development of America, under periods of rigid protection, offers a ready historical verification. This strong historical evidence, together with a semblance of close logical reasoning, gives the preposition a prostige and a weight which calls for careful examination.

A Weak Link

The weak link in this chain of reasoning, as presented above, lies in the erroneous concept of regarding tariff protection as the sole cause in industrial development, whereas really it is at best one of the many causes which all contribute towards the final achievement. Take the case of the United States as example, it has been adequately shown whereas the development of a few industries may be traced to the beneficial effect of tariff protection, in the majority of cases the industry would have been developed anyhow, protection or no protection. Many factors contribute towards the establishment of an industry. Climatic or other natural condition may be favorable to its growth. The aptitude, native skill, perseverance or willingness to endure hardship of the populace are matters of supreme importance. The exceptional organizing and managerical ability of certain men, or of certain classes of men, may be the determining factor in an industry's struggle for existence. Timely inventions are always great helps. Again, the psychological factor—the general confidence and a feeling of sure success and of the prosperity that is to come, the public's sense of security, and willingness to invest,—ever looms large. The complexity of the nature of a modern industry makes an analysis of this kind extremely difficult. Enough has been said, however, to acquaint our readers with the fundamental proposition that many factors, none being predominant, help in the industrial growth of a nation.

In a period of rapid transition, such as China is experiencing to-day, popular sentiment is always craving for the sensational, the drastic. Thus means are not infrequently mistaken for the end, and the dramatic is heralded in the guise of the important. People not infrequently think of the falling of Bastille as synonymous to the success of the French Revolution, and the down-fall of the Czar to the establishment of the Russian Communist Regime. The years of privation and hardship, through which the Frenchmen had, and the Russians have to undergo, are made light of. The public mind is liable to be more occupied with the spark that sets off the conflagration, while the conflagration itself receives but scanty popular notice.

A Step Towards Reconstruction

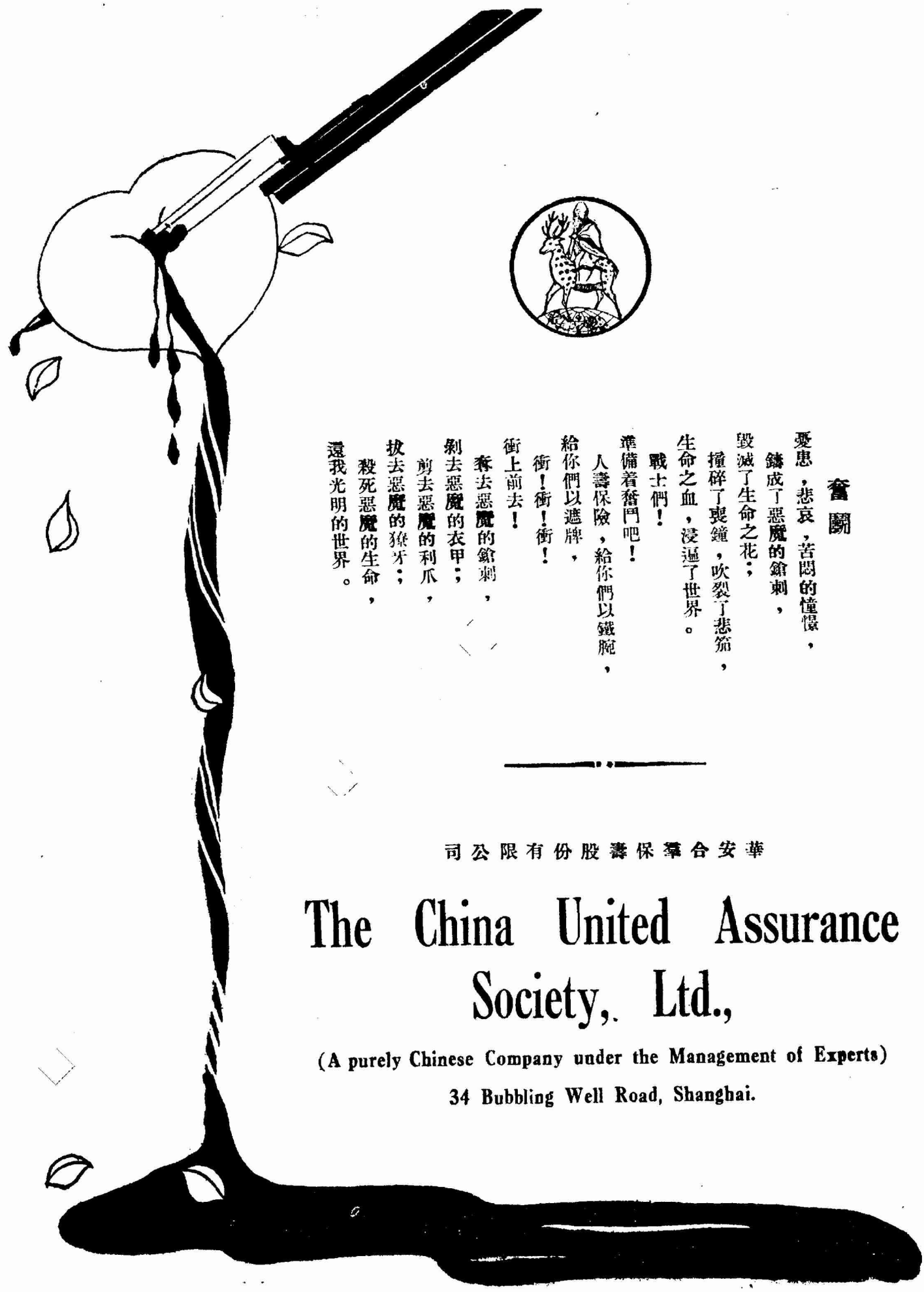
It is far from our intention to under-estimate the value of tariff autonomy, which to all intents and purposes China has achieved. We deem it our duty, however, to point out that the realization of tariff autonomy is merely one of the means towards national reconstruction, which comprises of a far bigger and more ambitious program. The achievement of the former undoubtedly facilitates the accomplishment of the latter; but the program itself must remain the essential thing.

To our mind, tariff autonomy, as a means towards the realization of the Greater End, is important in two respects, each an entity by itself. The "positive" result of tariff autonomy—if we be permitted to use the term—is the expectant increase in national revenue. The proportion of Customs receipts to the total revenue of a nation differs with individual countries; in the main it depends both upon the tariff policy and the general system of taxation adopted by particular nations. It has been the universal experience of many nations, however, that the greatest portion of the Customs revenue is always derived from a limited number of commodities, usually those of universal consumption. Unless a sufficient rate of duty is put upon those commodities, therefore, a tariff cannot be satisfactory from the revenue point of view.

It is idle to question whether the new tariff, with its duties restricted to certain narrow ranges, can, or cannot, be an ideal Tariff from the point of view of revenue. An ideal tariff has never existed in any land—farther would it be for the Chinese New Tariff to attain the ideal, being meant only as a transition to something which, we hope, would prove a more scientific piece of legislation. The important point before us, however,

(*Continued on page 290*)

*Being the fourth and the concluding article of a short series on the Chinese Tariff Autonomy Movement contributed by Dr. Lee to the *Review* and the *China Critic*, the previous installments having appeared in Vol. XLVI, Nos. 9, 10, and Vol. XLVII, No. 2 of the *Review*.



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鑄成了惡魔的鎗刺，
毀滅了生命之花；
撞碎了喪鐘，吹裂了悲笳，
生命之血，浸遍了世界。
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給你們以遮牌，
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衝上前去！
奪去惡魔的鎗刺，
剝去惡魔的衣甲；
剪去惡魔的利爪，
拔去惡魔的獠牙；
殺死惡魔的生命，
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Anglo-Chinese Treaty as Viewed by Japanese Press

(Translations from Japanese newspapers reproduced from the Japan Chronicle for December 25)

Commenting on Britain's formal recognition of the Nationalist Government, the *Tokyo Asahi* regards it as a brilliant success for the Nationalist Government, as it, no doubt, improves the international position of that Government. The Tokyo journal at the same time expresses impatience and uneasiness at the attitude of apparent indifference manifested by the Japanese Government towards the earnest efforts being made by other Powers to conclude a tariff treaty with the Nationalist Government, and says that so long as it maintains its present controversial attitude towards China, there is little hope of any improvement in Sino-Japanese relations. The result will inevitably be that Japan will be reduced to a postition of pitiable isolation, not a position of splendid isolation, it says,

Britain, who signed a tariff treaty with the Nationalist Government on the 19th instant, the *Tokyo Asahi* says, caused her representative in China, Mr. Miles Lampson, to present his credentials to General Chiang Kai-shek, the head of the Nationalist Government. The boldness and alacrity with which the British Government transacted the diplomatic procedure is indeed, enough to put to shame the American efficiency shown by the Washington Government in concluding a tariff treaty with Nanking some time ago before the amazed world. Germany has the credit of being the first to give *de facto* recognition to the Nationalist Government in concluding a new treaty with China, and she was followed by America, who did the same in her act of entering into a tariff treaty with the Nationalist Government. As for Britain, she indicated her intention of revising her tariff treaty with China when the settlement of the Nanking affair was achieved between the two countries, and the conclusion of the promised new tariff treaty was quickly followed by the presentation of his credentials to the head of the Nationalist Government by Sir Miles Lampson, the Minister to China. Thus, Britain takes the credit of being the first to give formal recognition to the Nationalist Government. This fact may well be regarded as an epochmaking incident in Anglo-Chinese relations. For some time past, there has been a race among the Powers in concluding tariff treaties with China, and it is now reported that the negotiations in this regard have practically been concluded between China and Italy, Norway, and Belgium. The new treaties between Holland and China and between Portugal and China were signed on the day on which the new Anglo-Chinese tariff treaty was signed,

A Change of Attitude

Britain's traditional China policy has been to support the Northern Administration, the *Tokyo Asahi* proceed. She showed no disposition to alter this attitude even after the Republican form of government was introduced in China on the ruins of the Manchu dynasty. The Southern revolutionaries she always looked askance at. The latest act of friendship towards the Nationalist Government is, needless to say, a *volte face* on her part, but this change of attitude does not come as a surprise. It is rather the natural outcome of Sir Austen Chamberlain's statement some time ago foreshadowing a change in Britain's policy towards China, Britain's recognition of illegal taxes in China, and the course of diplomacy which has been running along these lines. The details of the new Anglo-Chinese treaty are not known yet, but it seems that in the new pact the application of the new rates (graded tariff) is accepted and tariff autonomy is promised on condition that likin is abolished. Similar negotiations are now in progress between France and the Nationalist Government, and it is expected that they will be concluded before long. At any rate says the *Tokyo Asahi*, the conclusion of the new Anglo-Chinese treaty and Britain's formal recognition of the Nationalist Government will considerably improve China's international position, and from this point of view they must be looked upon as a great success for the Nationalist Government.

Japan is practically the only country that leaves her relations with the Nationalist Government in an unfavorable state. She cannot possibly hold aloof in this manner long. If she had a better policy and more enlightened views regarding China than other Powers she might afford to remain nonchalant, but, as a matter of fact, she is in the worst position vis-a-vis China and has no commendable policy in view. In such circumstances, she cannot but be left behind in international politics. There was much talk of Anglo-Japanese co-operation in China the other day, but when it is remembered that Britain is adopting a friendly attitude towards the Nationalist Government and that Japan is wedded to just the opposite course, the idea seems to be quite absurd, the *Asahi* avers.

Good Will and Concession

The *Tokyo Nichi Nichi* has no doubt that Britain's formal recognition of the Nationalist Government will markedly improve Anglo-Chinese relations, and calls special, attention to the line of policy being followed by the British Government towards China, especially in view of the prevailing Sino-Japanese relations. Seeing that *de facto* recognition of the Nationalist Government by America by the conclusion of the new Sino-American tariff treaty some time ago was received by the Nationalist authorities with frantic joy, it is easy to imagine the ecstacy which Britain's formal recognition has caused to them, the Tokyo journal says. The action taken by the British Government in giving the Nationalist Government formal recognition before all other Powers so suddenly has naturally created a great sensation in many quarters, and in some quarters it is interpreted as being due to Britain's desire to make up for the poverty of the contents of the new pact. Setting apart Britain's true motives, however, it is impossible to overlook the fact that the policy of good will and concession, which the British Government has for some time been following towards the Nationalist Government, is bringing better results than might have been anticipated. The relations between Britain and the Kuomintang prior to the consummation of the Northern campaign were none of the friendliest. The Kuomintang in its Canton days were most mercilessly harassed and badgered by Britain, and in the days of the Northern campaign Britain figured as a vindictive enemy in the eyes of the Kuomintang. This strong enmity was freely vented on Britain, culminating in the complete undermining of Britain's strongholds in Central and South China. When the Northern campaign came to a successful end and the Nationalist Government was established at Nanking, the shrewd eye of Britain perceived that the whole of China would come under the sway of the Nanking Government sooner or later. Persuaded of the folly of estranging the feelings of the Nationalist Government, therefore, she discarded her former attitude towards the Nationalists altogether, and has since earnestly striven to cultivate friendship with the Nanking authorities. With the recovery of the lost ground and the reduced trade mainly in view, the British Government has consistently shown good will towards the Nationalist Government. In seeking the settlement of the Nanking and the Hankow affairs, it showed itself ready to make the maximum concession, this considerably placating the Chinese Government. On the tariff question also, it made as much concession as the circumstances allowed, and succeeded in concluding the new treaty. Not content with this, it managed to bring the Nationalist Government to a pitch of ecstacy by giving it formal recognition.

Sincere Desire For Friendship

Some Japanese critics are prone to ascribe to the British Government the crafty motives of fishing in troubled waters, proceeds the *Tokyo Nichi Nichi*. They still hold to the belief that Japan has the key to all problems bearing on China, and that what the British Government is after is simply to satisfy China's vanity by making her promises which are practically empty, taking advantage of the deadlock that Sino-Japanese relations have reached. From Japan's point of view, says the *Nichi Nichi*, Britain's policy towards China may appear to be very crafty, but it is well for the Japanese observers to remember that Britain is by no means playing fast and loose with China. She is really desirous of establishing new relations of friendship with the Nationalist Government even at the sacrifice of her prestige as a great Empire. It is due to this sincere solicitude for friendship with China that Anglo-Chinese relations, which had at one time become so hopeless are being steadily improved. It is more than probable that Britain's formal recognition of the Nationalist Government will prove a strong impetus to further improvement in their relations. Altogther, concludes the Tokyo journal, Britain's policy towards China deserves very careful attention from the Japanese Government and people, in view of the prevailling Sino-Japanese relations.

Reflection on Sino-Japanese Relations

The *Miyako*, also regards Britain's formal recognition of the Nationalist Government in an important light. The action of the British Government may, at first sight, be quite unexpected, it says, but it was, as a matter of fact, the logical conclusion of the attitude which that Government has been adopting towards China of late. Britain's example will probably be followed by America and other Powers, with the result that Japan will be reduced to a position of isolation. During the regime of the former Cabinet, Japan took the lead among the Powers in extending a sympathetic hand to China, but this policy was unfortunately reversed by the Tanaka Cabinet.. The present Cabinet pretends to make light of the prospect of Japan being isolated, and declares that it cannot alter its China policy on that account. That it takes this stand may be inevitable, in view of its past attitude towards China, but at least it cannot point to the present state of Sino-Japanese-

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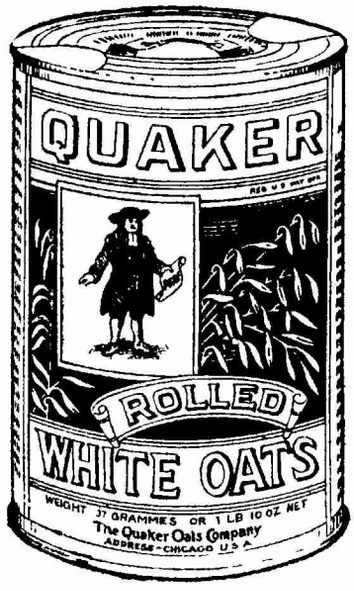

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relations as signifying either the reform of China policy or a success for its China policy. In the *Miyako's* opinion, the much-advertised positive diplomacy of the present Cabinet and the reckless Shantung expedition are the main causes of the present very unfavorable state of Sino-Japanese relations. These thoughtless pieces of policy have ingrained in the minds of the Nationalist Government and the Chinese people generally the idea that the Tanaka Cabinet being wedded to militaristic and aggressive principles, has no sympathy with the reform of China at all. Judging from the behaviour of Mr. Tokonami in China, the Tanaka Cabinet seems inclined to break the deadlock in Sino-Japanese relations and to strengthen Japan's positions in Manchuria and Mongolia by withdrawing the Japanese troops from Shantung at an early date. It remains to be seen, of course, how far Mr. Tokonami has reached an understanding with the authorities of the Nationalist Government in this respect, but at any rate it seems fair to suppose that on his return to Tokyo Mr. Tokonami will talk this matter over with the Premier. As Mr. Tokonami's attitude towards the Government in the Diet which was convened yesterday (24th instant) will hinge upon the Premier's acceptance of his views on this particular subject, the present Cabinet is now afforded a good opportunity for altering its attitude towards China. In view, however, of its past stand and its open pledges to the nation, our Tokyo contemporary thinks that the present Tanaka Cabinet will find it difficult to accept Mr. Tokonami's views at the present juncture. The present Cabinet would lose face altogether, if it decided to withdraw the Japanese troops from Shantung immediately, but would it be ready to lose face for the sake of retention of power, the *Miyako* asks?

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HOW MACAO LOST HER COMMERCIAL SUPREMACY

(Continued from page 281)

satisfactory result. Had the Portuguese confined themselves to legitimate commerce, there would be no end of trade to-day to take care of the expensive harbor which they have created in recent years. As it is, the harbor is some sort of an ornament and a strange reminder of what might have been, and for the upkeep of the colony the powers-that-be at Macao are still relying upon revenues from gambling, opium and prostitution. In addition to *fantan*, there is horse-racing and next year there will be greyhound-racing and roulette. Several ultra-patriotic Macanese have been heard to remark that the same vices exist elsewhere which is true in a way. But it must not be overlooked that whereas these vices *do* exist elsewhere, *it is only in Macao that they are the sole means of supporting the Government.*

Macao, December 22, 1928.

List of New Treaties which China Has Signed with 12 Foreign Countries

The Ministry of Foreign Affairs at Nanking announces the following list of treaties which were concluded during 1928 by China with twelve foreign countries. It is here reproduced for future reference,

Treaties	*Date of Signature*	*Place*
Sino-American	July 25	Peiping
Sino-German	August 17	Nanking
Sino-Norwegian	November 12	,,
Sino-Belgian	,, 22	,,
Sino-Italian	,, 27	,,
Sino-Danish	December 12	,,
Sino-Portuguese	,, 19	,,
Sino-Dutch	,, 19	,,
Sino-British	,, 20	,,
Sino-Swedish	,, 20	,,
Sino-French	,, 22	Shanghai
Sino-Spanish	,, 27	Nanking

In South China To-Day.

(From a Correspondent)

It was brought out at the 115th meeting of the Provincial Government that the Fukien authorities had asked the Kwangtung authorities to co-operate with them in putting an end to the incursions of Japanese fishing junks into Chinese territorial waters in South China. It seems that there is better fishing to be had along the China Coast than around Formosa and the Loochoo Islands from which places these Japanese fishing junks come. The Kwangtung Provincial Government has instructed the Kwangtung Department of Reconstruction to order the magistrates of the various districts along the coast to take precautionary measures while the Naval Headquarters have been instructed to maintain an efficient system of patrol. What the magistrates are supposed to do the writer has no means of knowing but it remains to be seen whether the Japanese would make an "incident" out of whatever action the authorities may take to prevent these constant encroachments into the territorial waters of China. In fact there is nothing new in these incursions of Japanese fishing junks because in the North, along the Shantung Coast, from Lungkow to Tsingtao, Japanese fishing vessels very often operate in the favorable fishing seasons, sallying forth from Dairen and Korea. Excitement is running high amongst Chinese fishermen on the South China Coast and the Japanese authorities in Formosa and the Loochoo islands would do well to forbid Japanese fishermen from making incursions into Chinese territorial waters. Not only in Chinese waters but along the coast of the Russian Far East as well, Japanese fishermen have shown themselves to be no respecters of International Law.

Now that one treaty after another is being concluded with the European Powers, embodying *inter alia*, the abolition of extraterritoriality, the Provincial Government, presumably at the instigation of the Central Government is causing the judicial system in this province to be thoroughly reorganized. In this connection, Mr. Au Yuk-shu has been appointed Chief Justice at Canton. Upon assumption of office he let it be known that he was determined to put an end to every form of evil till now practiced by judicial officials. The new Chief Justice is alleged to have stated that judicial officials have hitherto attended to their duties in rather an indifferent manner. The protracted way in which litigations have been handled has caused considerable inconvenience to litigants, according to Mr. Au, and should be prevented as far as possible. A definite period will be fixed for the settlement of outstanding cases and those judges who fail to conclude these outstanding cases within the period specified will be severely dealt with. The impression is created that the Provincial Government has been instructed by the Central Government to see to it that the state of the judiciary of Kwangtung is raised to a high standard in company with the other provinces so as to give foreigners in China no loophole to argue why extraterritoriality should not yet be abolished.

The Portuguese and Macao

The publication of the article on the Macao question by the *Review*, part of which was reprinted by the *Canton Gazette*, caused quite a furore in South China and all the extra copies of the *Gazette* were sold out almost immediately after publication. Such was the demand for extra copies that the *Gazette* has again reprinted the article. The majority of Macanese are in agreement with the facts brought out in the article, there being only a very few dissentients. These latter, unable to contradict any single fact advanced by the author, have resorted to personalities under the cloak of patriotism. One writer explains that gambling is also in existence in other parts of the world, forgetting to add that *organized gambling* exists in few parts of the world, gambling being chiefly considered illegal.

In view of the wide area and dense population of Canton, the city fathers have decided to erect an additional number of public markets for the convenience of citizens. At present there are only two markets—the Yu Shan Market on the Yu Shan Maloo and the Nam Yik Market on the Yat Tak Maloo—in consequence of which vegetable and fish vendors have been in the habit of putting up their stalls along sidewalks. The Municipality has secured six sites for the erection of these new markets, naming them after the districts in which they are to be located. It has been decided to collect the lowest possible rent from stall-holders. Instruction has been given to the Bureau of Public Works and to the Bureau of Public Health to co-operate in the drafting up of the necessary measures to be followed in the construction of these new markets and to submit a budget within a fortnight for the Municipality's consideration.

Expert Chinese Airmen

Shortly before Noon on December 18 crowds commenced to gather at the aviation field in anticipation of the arrival of the *"Spirit of Canton"* on its return flight from the North. By two o'clock there was hardly any good vantage point left for latecomers. The arrival of the plane had been waited for, for several days, and the spectators on the aviation field showed themselves to be very restless. It was wondered whether again there would be disappointment. At 1.30 p.m. Marshal Li Chai-sum and other prominent lights turned up and received an ovation. The Marshal displayed keen interest in the hangars and their contents and was particularly intrigued with a trim machine that was in course of assembly. This, it turned out, was a plane designed and built in the workshops of the Canton Aviation Bureau by Chinese brains and labor, the engine being of course imported. Amongst the notables present were General Chan Ming-shu, General Hsu King-tong, Admiral Chan Chak, Mr. Mah Chiu-tsun, Mr. Wong So and many others. At 1.45 two planes took the air and headed in a north-easterly direction to meet the returning plane while three other planes took off to perform evolutions for the edification of the eagerly waiting crowds. At about ten minutes past two, someone shouted out "there she is" and all eyes turned eastwards where a tiny speck could be seen, gradually becoming larger. At 2.15 the monoplane circled over the city and made a perfect landing. It taxied up to the aerodrome amidst wild cheering, and the line of soldiers drawn up to keep the field clear proved a wise precaution. The moment the plane came to a standstill the people clustered thickly around the machine and dozens of hands were stretched out to the door as it opened and the fliers emerged. Marshal Li was the first to tender his congratulations to General Cheung Wai-jung and his companions. There was hardly time for the fliers to be greeted by their women folk before they were carried shoulder high by their enthusiastic comrades. A rapid fire of questions was directed at the airmen, cameramen were busy with their "shooting" and pressmen were vying with one another to get "dope" for their "copy." Speeches of welcome were delivered by prominent officials, Marshal Li Chai-sum being the first speaker, followed by General Chan Ming-shu, General Hsu King-tong and Admiral Chan Chak. General Cheung Wai-jung replied suitably.

General Chan Ming-shu, the newly appointed Chairman of the Provincial Council, was inducted into office on December 19, taking his oath in the auditorium of the Provincial Government Building where the leading officials of the province assembled to witness the ceremony The auditorium was tastefully decorated with greenery, flowers and colored lights for the occasion. A framework of flowers worked out in a design to form the characters meaning "Inauguration Ceremony of Chairman Chan of the Provincial Government" was put over the entrance to the Government Building while the avenue leading to the auditorium was lined with flowers and festooned with variecolored electric lights, the whole creating a very artistic effect. Marshal Li Chai-sum supervised the taking of oath by General Chan. The new Chairman of the Provincial Council is a native of Hop Pu district. He received his first training in military science at the Military Primary School at Whampoa, passing from thence to the Military School in Nanking and afterwards to Paoting. Further studies were continued abroad and the General returned to China in 1911, joining the ranks of the revolutionary movement. He has since held various commands and taken part in many military exploits. In the late expedition against the Northern militarists, he played no small part and was for the greater part of the expedition's progress Commander of the 11th Army. When Wu-han and Nanking were brought under Nationalist control he was for a time made Officer in Charge of the General Political Department and concurrently President of the Central Military Academy. When the expedition resumed its northward march he was again appointed Commander of the 11th Army, taking at the same time the post of Chief Director of Operations on the Eastern Route. Upon peace and tranquility being restored, General Chan was appointed Rehabilitation Commissioner for the Southern Region, with headquarters in Kiung-Chow.

In view of the atrocious nature of some of the films imported into China for display to the Chinese public, depicting Orientals in villainous role, there is a movement on foot now to ban all such films and, perhaps, to boycott all producers who persist in turning them out. It is pointed out that producers used to play havoc with Mexican prestige by filling all villainous roles with Mexican characters and that this sort of thing went so far that the Mexicans threatened to boycott all such film-producers and the result to-day is that the Mexican-villain films have gone out of existence. The *Canton Gazette*, reputedly an organ of the Provincial Government, says.—"The Chinese should make it a point to boycott all films depicting Chinese as villains if they are shown in the foreign

(Continued on page 302)

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TARIF AUTONOMY AND NATIONAL RECONSTRUCTION

(*Continued from page 282*)

is that, in comparison with the existing conventional tariff, with its antiquated flat rate, the New Tariff is a certain improvement. Impossible as it is to calculate the anticipated revenue beforehand, it is safe to say that a handsome increment, say from thirty to forty million dollars, would be realized over what is at present being received, from Customs receipts and additional excise duties on a few of the imported commodities. This sum, though of less magnitude than the public would make us believe, is a substantial contribution towards the much strained national treasury, and may help towards the balancing of the national budget which at present evinces a notable annual deficit.

Much emphasis, however, has been put by popular writers upon another aspect of tariff autonomy—a result which is essentially "negative" in nature. We refer to the popular belief that, after the full attainment of tariff autonomy, it would be possible for the nation, through heightening the tariff wall, to prevent foreign goods from entering into the country. It is an intellectual puzzle that even to-day, one and half century after Adam Smith made his famous stand against the Mercantilists in his eminent work, how much influence Mercantilistic ideas still persist in popular utterances, and followers of such ideas are still the over-whelming majority. We do not propose, in this article, to enter into all the ramifications of the case; but we do desire to point out two elementary economic theorems, which bear upon the case. The first is that international trade follows largely the case of barter, and, if we prevent all—or most foreign goods from being imported, the foreigners would not have the wherewithal to buy our own products. The second is, that if protection is applied in a most rigid manner, and if tariff rate is made prohibitive, this policy would kill the goose that lays the golden eggs, in that the Customs receipts would be nil. The chief trouble with China is not that too much foreign goods are imported, but too little Chinese goods are produced. To further the native production is the most fundamental item in a program of national reconstruction. To accomplish this end, a little tariff protection may do some initial good; but the success of the measure depends still more upon technical knowledge, scientific management moral integrity, and the will to reconstruct.

Shanghai, Jan. 5, 1929.

Chinese Seize Chinese Eastern Railway Telephone Exchange

During the latter part of December, the Chinese police administration in Harbin suddenly seized control of the Chinese-Eastern Railway Telephone Exchange and Building and announced their intentions of taking over the service. All of the Russian employes, with the exception of the general manager, remained on the job as employe of the Chinese. The manager refused to remain so the Chinese appointed another Russian to the job. The Russian authorities immediately lodged a form alprotest with the Chinese alleging that the action of the police in seizing the telephone system was a violation of the original railway agreement and also the Soviet-Mukden Agreement of 1924. It is also reported in Harbin that the Chinese are contemplating seizure of the telegraph administration owned by the Chinese-Eastern Railway, but which is also operated as a public telegraph service. The Chinese-Eastern Railway, following the action of the Manchurian authorities in flying the National flag on December 28, also put up a new emblem, which consists of a combination of the old railway flag and the Chinese national emblem. The Chinese National flag will occupy the upper half and the U. S. S. R. emblem the lower part, the two being separated by a blue stripe. Practically all the official positions in Harbin have now been filled by appointees from Mukden, the new Chief-of-Police, General Mi, having formerly been head of the Mukden Commissariat.

Proposed Light Railway in Shansi

A recent *Kuo Min* news agency telegram from Nanking stated that a scheme for the construction of a light railway in Shansi connecting Tatung in the north with Puchow in the south, constituting the main North-South line of communication in the province, has been submitted by General Yen Hsi-shan to the State Council. The project requires a total estimated expenditure of $32,420,000 which it is proposed should be borne jointly by the Central Government and the Shansi Provincial Government. The Shansi Provincial authorities hope that following completion of the proposed Railway, it will be possible to link up the Chengting-Taiyuan Line with the new Railway so as to facilitate communication in the province. Survey of the proposed construction is being carried out and work will be started upon approval of the scheme by the State Council. Disbanded soldiers and famine sufferers in Shansi will be employed as far as possible for the purpose.

"Chinese Eggs"

The little Japanese paper at Dairen, whose principal excuse for existence is to toot the horn of the South Manchuria railway, once in a while ventures into other channels where it finds the water rather hot. Thus, a few weeks ago it printed an article in which it said all sorts of horrible things about Chinese eggs. The result was that many of its own countrymen were considerably offended, as the Japanese consume Chinese eggs by the tens of millions. In the end the Dairen editor thought it expedient to apologize and while he was about it he did it to the extent of almost two columns, extracts from the apology appearing below,

"We have been tripped into a bad mistake concerning 'Chinese Eggs' which we have made out to contain swarms of bacilli. It appears that this sensational and well concocted yarn was spun by the wily promoters of the new Poultry Raisers' Union. Dr. Ando of the Hygienic Institute of the S. M. R. Co. (Dr. S. Kanai, Superintendent of the S. M. R. Co. Sanitation Office, holding the post of Superintendent ex-officio) which the concoctors of the pretty yarn had the audacity to quote as the authority for discovering a swarm of bacilli of all dangerous diseases in Chinese eggs, flatly contradicts the allegation.

"As a practical question, whether any laboratory test, as alleged, has ever been carried out anywhere is of comparatively small consequence. The crucial test lies in whether bacilli of tuberculosis, syphilis, typhoid fever, etc. are actually attached to Chinese eggs. An egg has a thin film lining the inside of the shell to prevent any bacilli from getting in. As long as an egg is fresh and whole of the shell, the absence of harmful bacilli may be positively affirmed. Supposing the hen took the phlegm containing tuberculosis bacilli, the same bacilli could never enter into the egg laid by the same hen. On this point, people may rest assured no matter whether it is a Chinese egg or a Japanese egg.

"To procure eggs, vegetables, or anything else that have been carried all over the town for hours and might have been laid at foul and filthy spots with a dangerous proximity to the private places, only because of the price being cheaper by a few cents would be the height of foolhardiness. If the Japanese housewives should make a point of buying nothing outside the well-kept shops, much will be done towards decreasing the number of cases of infectious diseases. In this sense, the establishment of the new Poultry Raiser's Union quoted in relation to the article on 'Chinese eggs' deserves a ready endorsement from us, although it has really nothing to do with us.

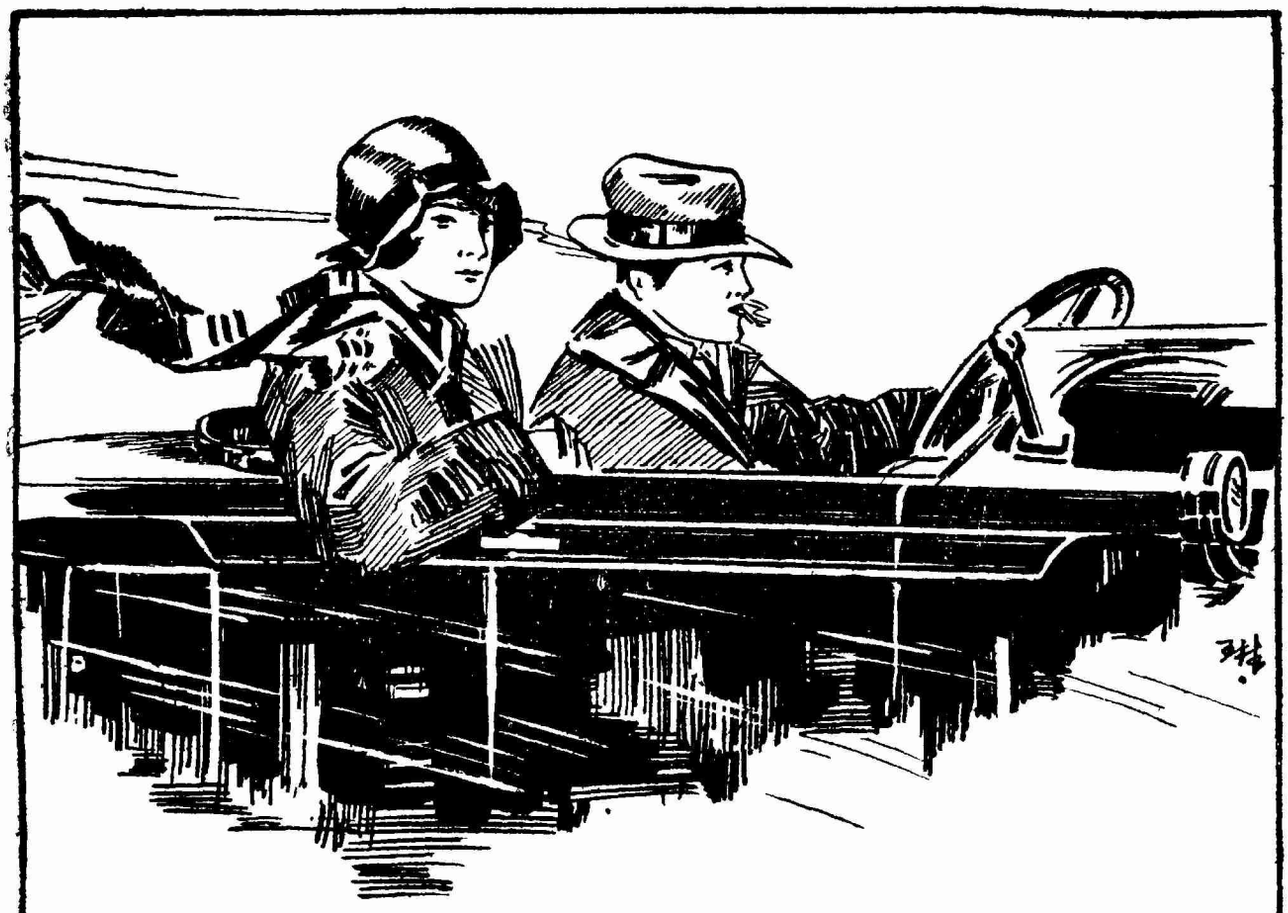
"Next, we shall pass into the nutrition value. We have never come across any articles comparing the nutrition value of Japanese and Chinese eggs, so we cannot comment on the subject from a distinct scientific standpoint, but judging by the common sense within us there is supposed to be little to choose between the two. Allowing that there be some difference, this difference cannot be so great as to affect the nutrition the Japanese in Manchuria are obtaining daily.

"We shall conclude this article with a word on Chinese eggs. We are utterly at sea as to what Chinese eggs are, whether the difference comes from the difference of the parent fowls or whether Chinese eggs refer to those reared by Chinese, or such as are put out in Chinese territory, or they mean those sold by Chinese."

Note by the Editor of "The Review."—Prejudices against the food products of other countries are always inherent and capital is made of such prejudices by interested parties. Thus when the Chinese pig in frozen form was first sent from Nanking to London two decades ago the English newspapers printed columns and columns of the danger to English health that lurked in the Chinese pig. But the Chinese pig won out in the end, thanks to the help of the then leader of the British Labor party who in a public address stated that he had eaten Chinese pork and found that it tasted just like the genuine English article. In America everything is done to discredit the Chinese egg. In the states of Oregon and Washington, for example, state laws compels restaurants to put up a sign "We use Chinese eggs," provided such is the case. However, Chinese egg products continue to go to the United States to the extent of millions of dollars worth yearly.

Anti-Japanese Boycott Tightens Up at Nanking

A recent *Ta Chung News* agency report from Nanking stated that the executive committee of the Nanking Anti-Japan Association had formulated a number of additional measures in order to tighten up the boycott. Among the measures to be enforced is to parade any merchant found guilty of dealing in Japanese goods, in wooden cages, and to declare void passes previously issued for registered Japanese goods.



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The Proposed Chinese National Land-Tax Law

BY HARRY PAXTON HOWARD

FAR the most important step yet taken in the direction of fundamental economic reform under the Nanking Government is the proposed new land law of China. So far this is only a draft, but it was brought up by Hu Han-min, Chairman of the Legislative Yuan, at a recent meeting of the Central Political Council, and a special committee of ten was named to examine the draft. *Reuter's* correspondent in Nanking gives the following as the names of the committee-men:

Chiang Kai-shek, Chairman of the National Government;
Tai Chi-tao, Chairman of the Examination Yuan;
Wang Chung-hui, Chairman of the Judicial Yuan;
Yen Hsi-shan, Chairman of Taiyuan Branch Political Council;
Feng Yu-hsiang, Minister of War;
H. H. Kung, Minister of Industry, Labor and Commerce;
Chao Tai-wen, Minister of the Interior;
T. V. Soong, Minister of Finance;
Sun Fo, Minister of Railways;
Hu Han-min, Chairman of the Legislative Yuan.

The essential features of the draft are reported as follows:

"Land-tax is to be collected in accordance with the value of the property. When the land-owners register at the Government land-office, they are to state the value of their land. The Government authorities will re-evaluate their land and will collect taxes according to the land values estimated by the Government. If it considers necessary, the Government may take over land owned by private individuals and compensate the latter in accordance with the registered values stated by the owners. If owners over-value their property, they have to pay higher taxes, and if they under-value it, the Government will either collect taxes according to its own estimates or take over the land."

Taxes and Unearned Increment

The actual percentage of the land tax must be discussed, proposals varying between one and ten per cent. In the case of the lower tax, it would be the idea to gradually increase it, the question being as to the percentage to start with.

A special tax on unearned increment, i.e., on increases in value of real property due to community growth and economic development apart from the efforts of the owner, is an important feature. As with the general land tax, opinions vary as to the percentage. The aim is to take up the entire unearned increment, but there is some doubt as to the advisability of applying this at once, and there is a suggestion that one-third be taken up at first, this to be steadily increased until the whole of the unearned increase in value goes to the Government. It is proposed that this unearned increment tax be collected when property is being transferred, or when there is no transference for a certain number of years.

The land and "unearned increment" taxes should make unnecessary any taxation of "improvements." As the immediate abolition of house and shop taxes may seriously embarrass the local governments, however, it is proposed that these taxes be simply reduced to a low rate (say one-half of one per cent on houses), with a view to the ultimate elimination of such levies.

"The Government may buy land for national defense or public utility purposes, but may not do so for commercial enterprises. The Government may compensate property-owners according to the registered values of their properties. Certain nonprofit-making organizations need not pay land taxes, including Government offices, schools, agricultural experiment stations, hospitals, public recreation grounds, and philanthropic institutions. The transfer of land ownership must receive due authorization from the Government."

Economically Sound Taxation

This proposal is unquestionably the soundest innovation, economically speaking, that has been brought forward by the Nanking Government in the way of taxation. Land, of course, is in a special category. It is something that is not created by labor (excepting the inconsiderable areas gained by reclamation, etc., which form a very small proportion of the total), though it is necessary, immediately or ultimately, for the creation of wealth. It is labor applied to natural resources which creates the wealth of the world.

Economists of today, so much divided as to the nature of interest, profit, dividends, etc., are generally agreed as to the nature of rent, "the net productivity of the land," i.e. the

margin over and above the maintenance of the cultivator. There is also agreement as to the causes of increase in land values. Some increases take place through improvements by the actual owner, but the great increases which we know today take place through the work of outside persons, and the most elementary student of economics knows that where city property is worth a million dollars an acre it is not because of the owner's contribution to its value, but because of the efforts of hundreds of thousands of persons who have built up a great economic center.

The owner of an acre of property on the Bund in Shanghai can leave the property absolutely idle for thirty years, and it will increase in value a hundredfold. The increase in value is socially created, but it is privately appropriated, and while the living standards of the mass of the population alter but little (sometimes for the worse, sometimes for the better), the increased production gained by fuller economic organization in a great community goes primarily to the owners of land, who may be absolutely idle, who may in fact be absentees altogether—and often are.

This is what is known as the unearned increment. Dr. Sun Yat-sen clearly recognized the injustice of this socially created value being appropriated by private persons. The proposal involved in the new draft, as outlined above, means that this increment is to be taken up through taxation, the aim being the confiscation of the entire increment, though it may be found tactful to start with a part and then increase to a hundred per cent.

Practical Difficulties

There are some practical difficulties involved, however, in the estimation of unearned increment. It must be understood clearly that this means the actual increase in the value of land, regardless of improvements. It is not so difficult to estimate the change in value of a piece of property from year to year, the ordinary market rate determining this. But it is necessary to distinguish clearly between the land itself and such improvements as may be made on it. With regard to idle land the question is simple. With regard to built-up land it is complex, and has been found to present difficulties where this system of special taxation of unearned increment has been adopted in the West. Though difficult, however, it is in no way impossible, and it must be recognized as a fully practicable system, and one by which the community itself (so far as the government is representative of the community, and devotes its funds to public purposes) gains the benefit from the values which it creates.

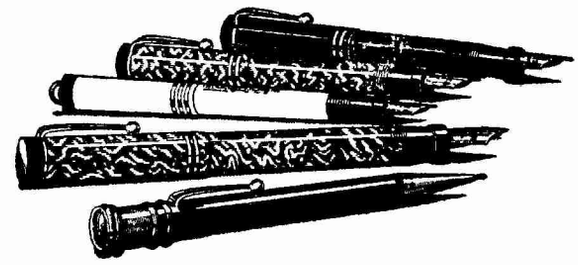
But such practical difficulties, which involve from the very beginning the employment of staffs of highly competent, specially trained, and absolutely trustworthy and incorruptible municipal specialists, become of much less import with regard to the land tax as a whole. The total value of land is much easier to estimate than the yearly increase in its value. Indeed, if the land tax is made as heavy as I understand Mr. Hu Han-min and others desire (say ten per cent of the total value), there will be no necessity of a special estimate of the yearly increment, because this will in any case be taken up by the regular land tax.

The Tax on land

It must be understood that a tax of ten per cent of the value of land is in the nature of confiscation. It is the most justifiable form of confiscation, of course. No man created the earth and its natural resources, and there seems no socially or economically justifiable reason why one man should be able to demand tribute from other men, simply on the basis that he has by some means got possession of a piece of earth, and refuses them the opportunity to cultivate it unless they agree to support him in idleness. There is still less reason why a man should be permitted to hold idle a piece of earth, refusing permission to other men to use it on any terms, just because he finds it too much trouble, and wishes to wait until the toil of his neighbors increases values a thousandfold, as in the case of land speculation.

The actual percentage of the value of land which is paid as rent to the landlord varies considerably throughout China, and also varies as between city and country. In general, however, it may be said that taxation of ten per cent would roughly take up the entire rental value of the land. The landlord might keep his nominal ownership and accept rent from his tenant, but it would be taken up in turn by the tax-collector for (it is hoped) public purposes. Under such circumstances the increment would of course be automatically appropriated, and if the taxation is made as high as this there would be no reason for special provisions with regard to unearned increment, with the difficulties involved in the estimation of this.

It may be noted that the confiscatory nature of the proposed taxation has gone absolutely over the heads of the erudite expounders of foreign imperialism and privilege in Shanghai. The provision in Nanking's proposed Labor Code for pront-



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sharing led recently to wild attacks upon the Nanking Government as "communistic," and the hysterical assertion in the *North-China Daily News* that the proposed code was only made up during Albert Thomas' visit to China (an assertion altogether false), and was intended only to embarrass foreign employers! Here, however, comes a definitely confiscatory program of land nationalization, and it passes completely by our erudite editors, who apparently haven't the faintest idea of what it is all about,—evidenced by the fact that to date (one week after the outline of the proposed law was reported in Shanghai) not a single editorial has been devoted to the subject by our erstwhile watch-dogs against "communism."

Application of the Tax

But this question of confiscation, after all, is one of terminology. All taxation is confiscation. Direct taxation is direct confiscation just so far as the tax goes, and although indirect taxation may disguise the nature of the process it bears even more heavily than direct taxes. The points involved, therefore, are, in addition to pointing out the eminent justice of such taxation (or confiscation) which appropriates only unearned values and leaves the products of labor untouched,-are the questions of practical application: how far it is collectable without serious difficulty, how far it falls upon the element best capable of bearing it, how far it can be kept to this element and not shifted to others, how far it satisfies the budget needs of the government, and how far its economic effects are favorable to the development of industry, commerce, and the prosperity of the people in general. With all these considerations, there seems none by which the land tax does not appear as the best of all methods of revenue.

With regard to collection, this is comparatively simple. If, as is the expectation of some members of the Government, this tax supersedes all others as a method of revenue, it means a radical simplification of the tax-gathering apparatus, and the possibility of reducing the staff of this department to a number totalling not more than thirty or forty per cent of the present staff, and possibly a still lower percentage.

As to the actual method of collection, the proposed scheme embodies Dr. Sun's excellent proposal, that the property-owners shall themselves report the value of their property for taxation. In case they under-value their property, the Government may buy up the property at the price the owners declare.

The scheme is not exactly Dr. Sun's, however, as Chung San considered that this precaution would be sufficient guard against fraudulent reports and that taxation could be levied upon the values as reported. The plan now proposed is a little different, calling for Government assessors who will re-evaluate the land and will collect taxes according to this Government evaluation, unless (it appears from the report) the owners over-value their property, in which case the owners' evaluation will hold good.

In any case, this scheme of Dr. Sun's is one of the cleverest conceptions of his with regard to the practical economics of government, and furnishes an excellent opportunity for the Government to add to their budget through the buying up of fraudulently under-valued property and its disposal at market rates. (Though if and when a confiscatory land tax is really operative, it must be understood that land will cease to have any market value.)

That this tax is more readily collectible than others now being levied seems clear, because land cannot be hidden or removed. There are, of course, serious questions of application in the many districts where there is absolute distrust of the Government and its motives. If the Government does not command the faith and loyalty of the mass of the peasantry, if considerable numbers will look upon it as only a new method of getting more money out of the people to spend for private or antisocial purposes, attempts to enforce the new system may meet with serious difficulties. Such a plan of confiscation cannot really succeed against the opposition of the mass of people. To enforce such a scheme against bitter resistance would cost more than would be gained. Nevertheless, the scheme remains eminently practicable if the amount of the tax is reduced so as to constitute simply an increase (doubling, say) of the existing land tax, while other taxes are eliminated.

The question comes with regard to this tax, as with all taxes,—who will actually bear them? Customs taxes, we know, are in all countries paid by the ultimate consumer. The same applies to "business" taxes of other kinds. The merchant or industrialist must pay, but he adds it on to the price of the product, with an additional margin to compensate him for his additional capital expenditure and (usually) a reduction in the quantity of goods due to the increased price.

There can be no mistake about the land tax. Such a tax rests upon the landlord. Persons reasoning by the analogy of customs or other commercial taxes, and ignorant of economic law, sometimes assert that the landlord can shift his taxes to his tenant. But economists are agreed that this is one (if not the one) tax where this is impossible. By definition, accepted by practically all economic schools for generations since it was formulated by Ricardo, rent is the net productivity of the land. There is only the cost of production (meaning principally the subsistence of the cultivator) and the rent. If the rent is appropriated the landlord cannot make it good by doubling the amount his tenant must pay. The tenant already pays as much as he is physically able to pay, under the existing conditions and standards of living. If the rent rises to a point where it does not allow the cultivator the actual cost of production (meaning mainly his own subsistence) he must leave the land, which creates an impossible situation for the landlord who is compelled to raise the amount of the tax himself.

This tax cannot be shifted. It rests upon the landed element,—the element most able to pay.

Economic Effects

The economic results effected by heavy or confiscatory taxation of land values are precisely those most needed in China, if we assume—as most influential Chinese today assume—that China should develop along modern economic lines and that the Government should do its utmost to assist such development. The effect of a tax upon land values only, regardless of improvements, is first of all to force idle land into use. It is obvious that if an owner, holding land speculatively for a rise in values, is compelled to pay as high a tax on the land idle as he would do if it werein use, he will find it necessary to bring the property into use.

This principle applies to all kinds of real property, whether in cities, in villages, or in open country, whether the main value of the land is for building, for agriculture, for forestry, or for mining. It establishes as unescapable the question most necessary in China today: Are you utilizing your property productively? If not, get off and let someone else use it. Conditions are too serious to permit land hogs to obstruct and sabotage the economic development of China today.

The differentiation between land and improvements is a very real one, and of fundamental economic importance, particularly in a country overwhelmingly agricultural and non-industrial. In the conditions of China, if we accept the idea that economic development is necessary,—agricultural, industrial, commercial, and financial,—such development must not be burdened and penalized. But taxes levied upon businesses, upon houses, upon industrial products and commercial transactions, are nothing more or less than a penalty for enterprise. If a landowner keeps his land idle today he pays a low tax, where he pays any. If he builds a house on it (this applies particularly to the cities and towns) he is fined for doing so, though the fine is called a house tax. If he starts a factory and sells the products to his countrymen, he is fined for doing so, though the fine will be called a business tax and he may be able to pass it on to his countrymen after reimbursing himself for the additional expenditure of capital involved. (In fact, of course, the situation is much more serious, as a productive enterprise is often subject to special levies from local militarists or officials (in many places) which have not even the advantage of the definite limits of taxes.) It must be remembered, however, that every business tax which is passed on to customers reduces the volume of business by just as much as the increase in price reduces the amount which can be sold.

Speeding Up Development

There is no doubt that the efficient enforcement of such a tax upon land, and the elimination of other taxation, would be a tremendous stimulus to economic development. It would constitute, in fact, the release of the ecnomoic powvers of the nation. Instead of confiscating wealth which is the product of labor and enterprise, it would free such products altogether. The only levies would be such as would force idle property into productive use. On a basis such as this, there is no doubt that China would see a econnomic development of unparalleled scope.

Every industrial and commercial body in China should recognize the importance of this. Many Chinese industrialists and merchants, of course, are also landlords, but even for these it will generally hold true that they have far more to gain through the freeing of their industrial and commercial development than they have to lose through the equitable taxation of their land-holdings.

This is no place for the discussion of the revenue obtained from opium, gambling, prostitution (usually slavery), and "irregular" levies. There are many places where income from such sources constitute the main government revenue. And it is the general feeling among public-spirited Chinese that it is a disgrace to China that this should be so. An adequate land tax would make it possible to eliminate these taxes, and deal with crime and vice as they should be dealt with, —as cancers which must be cut out like any other malignant growth.

Direct Taxation

Direct taxation is generally recognized throughout the

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world today as preferable to indirect. The main reason is that indirect taxation, besides falling usually on many least able to pay, results in cumulative increases in prices. When a business man, for example, must deal with a business tax, he must calculate upon so much additional capital to cover this tax. Interest must be paid on this capital. Beyond this, the commodity to be sold must bring in a profit not merely proportionate to the original cost, but proportionate to the original cost plus the business tax plus the interest on the latter. But this is not all. This increase in price results in a decrease in demand for the goods. In the case of most industrial products, the greater the quantity the lower the cost of output. If a merchant's market is reduced twenty or thirty per cent, he will usually have to pay higher prices for his goods than if he were handling same in larger quantities. And of course the ultimate consumer—clerk or peasant or worker—pays the bill. The tax by the time it reaches him, has trebled or quadrupled.

The general tendency in the West is towards direct taxation. The only important exception is with regard to customs duties, which, though generally condemned by economists, are maintained for reasons quite different from those of revenue. There is no space to go into this important question here. The bulk of taxes are now levied directly upon those elements best fitted to pay, and tho tendency is more and more in this direction.

In the West a graduated and more or less heavily progressive income tax has become a most important source of revenue in recent decades, placing of course the heaviest taxation upon the largest incomes and releasing the low income altogether,—just the reverse of consumption taxes. It is recognized by taxation exports, however, that income tax as an important revenue is applicable only in countries which have reached a certain stage of economic development. i.e., where incomes whether from salaries, wages, commissions, rent, interest, dividends or profits are in clear and definite money terms. It has only been in the twentieth century, indeed, that income taxes have been found fully practicable in the West. In China generations behind the West in economic development, there is no doubt that the mass of the population simply do not know what their income amounts to. Even in the cities great masses honestly do not know what their actual monthly income is, to say nothing of their yearly income, and in the country districts it is almost hopeless to try to calculate such a thing in money terms.

One method of direct taxation which could be applied in China is the inheritance tax. This tax, known as death duties in England, is an excellent and most justifiable source of revenue. If a confiscatory land tax is adopted in China, of course, there would be no meaning to an inheritance tax except for such fortunes as might be accumulated through finance, industry, and commerce. If the land tax is started at a more modest level, however, an inheritance tax could also be adopted.

Can China Lead The World?

If the complete plan as proposed is made successful, it will be the most thorough and drastic step in the direction of economic justice ever adopted by any great state in the history of the world. The Russian attempt at fundamental economic reform has for various reasons, not the least important of which has been the failure to distinguish between natural products and the products of labor, so far not succeeded in improving the conditions of the mass of the people as compared with their previous state. China, proceeding upon sounder economic principles, might take a step ahead not only in the development of her own people, but as an example to the entire world. Though the policy now proposed here has been partially adopted in some states, and completely adopted with much success in small communities, there has never been an attempt by any great state to adopt such a policy on a state-wide scale. The wealthy landowners have always been too powerful to permit this.

But before this policy can be made successful in China there are some extremely important questions to be answered. If the land tax is simply increased so as to make possible the elimination of other taxes, so that total revenue remains about the same, the question does not arise as to the disposal of the funds. But if the total land value is taken up by the state, this means an enormous income which is to be applied to public purposes. Will it be so applied?

Taxation amounting to ten per cent of the total land value of China would constitute a fund which could establish education for every Chinese child, free hospital service for all, the construction of tens of thousands of decent dwellings for the people, including hundreds of clean and healthful dormitories and lodging-houses for the poorest, the establishing of auto roads and even air lines throughout the country, the transformation of jails into industrial training schools where unfortunates could learn citizenship and self-respect. It would make possible the abolition of hunger, of beggary, of slavery, of disease. The money which has been appropriated by landlords for their own selfish purposes can be appropriated for public purposes for the benefit of all.

Is China Equal To The Task?

Is China equal to the task? Would the money gained in this way be utilized for these purposes? Are present revenues being spent on these public purposes?

These are the real questions involved when the question of confiscation is brought up. If the enormous increase in revenues goes into the pockets of military men and officials for their own private purposes, it means a strengthening of militarism and mandarinism and the impoverishment of the entire people. It would mean a new and more efficient method of official exploitation of the whole mass of the population.

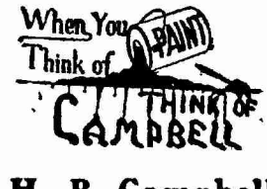
There is much hope in various sections and various individuals of the Government. The development of efficiency in the finance department by Mr. Soong is significant, and there is no doubt that many of the military leaders are willing and anxious to demobilize their armies and set themselves to the tasks of peaceful development. The influence of the Chinese commercial bodies, particularly the Shanghai Chinese Chamber of Commerce, is very strong. Taking all these influences together, it may be hoped that the new land tax may be applied, and the old taxes eliminated, to the great benefit of China's economy.

But it will probably have to be applied and increased gradually. As the Government develops its work along public lines,—i. e., the establishments of schools, hospitals, public kitchens, dormitories and lodging-houses, wookers' homes, public markets, town or traveling clinics, road-building, prison reform, the abolition of slavery, the protection of labor (particularly women and children), the prevention of diseases, the universalizing of education, etc.,—as these things are developed the tax may be increased accordingly, as required. And in the meantime China's industrial and commercial development will be going on confidently and rapidly, free from all interference except such as may be required for the protection of the health and welfare of the workers of industry and commerce.

Shanghai. Jan. 8, 1929.

Japan's Statesmen Hear Mr. Tokonami's Views, but Stick to Old Policy

T. Tokonami, the president of the Shinto Club, after making his recent tour of China, has been in conference at Tokyo with various high officials in the Japanese government, and expounding his views. Mr. Tokonami had several conferences with Premier Tanaka at which other high officers of the Japanese government were present, the net result of which, according to the Japanese *Toho* news agency, being that the consensus of opinion among those who guided Japan's destiny is that while Mr. Tokonami's suggestion for paving the way for the solution of various pending Sino-Japanese issues may be appreciated in principle, in view of the existing circumstances, the Japanese Government do not find it necessary either to divert from or to alter their China policy already fixed. The Japanese statesmen are stated to take this view especially in view of the fact that Mr Tokonami's recent visit to China had apparently spread the impression among the Chinese that Mr. Tokonami enjoyed the casting vote in the coming session of the Diet, thereby creating not a little unfavorable effect on Japan's present China diplomacy. The Japanese Government says it cannot afford to change its fixed foreign policy because of the domestic policy. Besides it is felt that Mr. Tokonami's proposals for what he called the "paving the way" for the solution of various Sino-Japanese issues is of too extremely abstruse a nature, there being nothing concrete in it. As for the hoisting of the National flag in Manchuria, the matter, in the minds of Japan's statesmen, merely means a change in formality, and accordingly, so long as there does not occur any particular change, the Japanese Government has no intention of changing the conduct of their negotiations respecting Manchurian issues from the line hitherto followed.



H. B. Campbell

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Shanghai.

Wanted: A Civil Service Reform League

BY HAN LIH WU
(*Formerly Honorary Fellow, Wisconsin University*)

I do not choose to criticize current social and political movements in China: nearly all of them are good, at least from the standpoint of intention. But it seems that Western and Chinese movements do differ in one important respect: Chinese movements are rarely so well organized and persistent as movements in England or America. In England, for instance, I myself joined the Rationalist Movement. Besides having a Rationalist Association which maintains a permanent headquarters in London, they own a Rationalist Press which has since published many learned and interesting papers. In America, again, I joined the World Peace Movement. The International Clubs nearly everywhere, as all students in America know, not only hold regular meetings, but issues news bulletins and other information series. From England and America we return to China. True, it is delightful to see that many important subjects are being taken, but, equally disappointing, only a very small number of such movements are carried on in an organized and persistent way. In saying this, we need not, of course, be pessimistic; nevertheless, it is a point worth reflecting upon.

But I venture to go a step further. Why is it that movements, social and political, in China are often not well organized and persistent? To this question, which has important bearings if we pursue it to its depth. I do not hope to give a fully-satisfactory answer. What is wrong with China and things Chinese, including this fact of-shall we say-lack of the capacity of organization and persistency, the matter goes deep into the entire question of the suitability of the Chinese civilization which we can not deal here. Nevertheless, I think Dr. Sun has long provided us an answer; he says, incapacity is due entirely to ignorance. Why could we not organize and pursue our aims to the necessary length? The answer, Dr. Sun would have said, is that we do not fully understand our aims; we do not really KNOW what we need and how to get them. The emphasis is also on 'we', for there may be individuals here and there who do know, but the majority of the public is definitely ignorant, and it is the majority that is fundamental in the modern State.

The Period of Reconstruction

But perhaps we have been too severe in the criticism of a people which has had no time to settle down and to plan. After all, it may be said, the military period had only left us a year ago and we are just entering the period of reconstruction. Excuses of this kind are not without justification, and judgments had better be suspended until sometime ahead. In other words, it remains to be seen whether the Chinese people is capable of organizing with persistency to achieve worthy things, a capacity which, if it owns, must and can be shown, now that China is settling down. For my part, then, I think our present duty is first to make clear what particular aims we wish to realize. I lay special stress upon the word "particular", for nothing can be done if we merely contemplate at and try to solve 'the problem', which is a mental synthesis. Secondly, it is important, after having ascertained our aims, to take them up one by one and to work hard towards its achievement. I suggest, therefore, both as an example and for its urgent necessity, that we want a Civil Service League

Attacks on the Civil Service

Here I need not reiterate the attacks made by many people, political scientists and otherwise, upon our civil service. Its corruption, inefficiency, and waste, and all sorts of evils are there and can easily be seen by anyone with open eyes. It is one of the things which no revolution, effective as it is in making other big and fundamental changes, can bring to it any lasting improvement It is unnecessary, again, for me to point out the importance of civil service in the modern State. Some political scientist has well said that there are four chief departments to the modern government: the executive, the legislature, the judiciary, and the civil service; the last one is here rightfully put at its deserved place. Thirdly, it is unnecessary here to tell the story of civil service reform in England or America in order to show that we can do the same thing if we will it. As all students of political history know, the civil service of England before 1840 and of America before 1870 was not much better than ours' at the present. But after a few decades, England prides herself with a civil service that is unequalled to this day, and the present American civil service is amongst the most hopeful in introducing scientific device into the art and science of personnel administration.

The Need of Reform

I take it therefore, that most of my readers will agree with me that the Chinese civil service needs reform, that its reformation can be done if we so will, and that this piece of work is urgent. The next point of importance regarding which viewpoints may differ is that which relates to the means to its achievement: that is, how to get the civil service reformed. As the title of this article suggests, I, for my part, think that the task can best and easily be done by having a strong Civil Service Reform League. Let us, however, consider other means. Most naturally it will be said that now that there is the Examination Yuan whose duty it is to improve the quality and efficiency of civil servants, it is best to leave the work to that office, and that it is superfluous for we civilians to interveve. For this argument, the experience of England can be cited, as we know England won her civil service reform with singular governmental effort.

Now as to arguments for a strong Civil Service Reform League. First of all, the experience of America points to the necessity and effectiveness of such an organization. But how is it that England did the same thing without an organization of this kind? The answer is so important that I italicize the words. *Besides the added stimulus and support which a strong civil service reform league can give to the official work of civil service reform, such an organization is almost the most necessary and effective means to its achievement in a country whose political tradition is all on the side of evil and corruption.* That is to say, we have to remember that England was and is a country with good political tradition, and with a good political tradition,-which is the central thing in politics,-civil reforms are a easy matter. On the other hand, America was a country without good political tradition; hence her civil service reform was a story of great struggles and its success was largely due to the popular support and technical help which her Civil Service Reform League and other similar unofficial organizations gave. Even at the present, it is easily observable that it is still the unofficial organizations that are most active in introducing scientific devices into the art and science of personnel administration. How could we, then, a country with as poor, if not poorer, a political tradition as the nineteenth century America, accomplish this difficult task of civil service reform without that which is most effective in soliciting popular support and in giving technical help as the Civil Service Reform League?

The Examination Yuans

Finally, a word regarding the newly established Examination Yuan, one of the five Yuans that together constitute the National Government of China. It is really a great satisfaction to see that the Civil Service Commission, which is the name usually given by European and American Governments to that office which we call the Examination Yuan is given the same status as the executive, the legislature, etc., and that the range of its powers is widened beyond the imagination of its European and American sister institutions. But, I am afraid to say, the mere establishment of the Examination Yuan does not guarantee that the civil service will be reformed. Institutions and regulations are one thing, while their satisfactory working is altogether a different thing. It may be, and we sincerely so hope, that the Examination Yuan will be able to set an example to the whole work of reconstruction. It is yet necessary, if we wish to do the work quickly and more satisfactorily, to haveun official support and initiative from the people. There are two wise sayings from a distinguished English political scientist which I would like to quote in concluding this article. One is that there is no force mightier than public opinion. The other is that there are no political institutions and devices that are more reliable than a sound political tradition. All these two are mainly social matters and are not subject to governmental regulation Wanted!, therefore, a Civil Service Reform League. The duty is yours as well as mine to direct our mind and effort to its formation, and successful formation.

Dr. Remer to Study China's Financial and Economic Relations

The Social Science Research Council approved a study of the international financial and economic relations of China at its annual meeting in August 1928. The study is to be undertaken under an advisory committee appointed by the Institute of Economics of Washington. It calls for the collaboration of investigators working in the United States, Great Britain, Japan and China. Professor C. F. Remer, of the Department of Economics of the University of Michigan, is to be in general charge of the study. Professor Remer has spent ten years in the Far East and has published two books on China, "Readings in Economics for China" and "The Foreign Trade of China". He has recently accepted an appointment at the University of Michigan, having been for some years Orrin Sage Professor of Economics in Williams College. He has been on the faculty of Harvard University and of St. John's University in Shanghai, China.

WHY THE ROLLING STOCK ISN'T ROLLING OUT OF TSINANFU!

(*Continued from page 274*)

startled when they read the Japanese Legation's statement. It was news which was too good to be true. And probably not to be taken literally. Nevertheless the Ministry of Railways decided to lose no time in testing its validity. At once Minister Sun Fo arranged for the special delegation already mentioned to journey to Tsinanfu and begin to roll away the disintegrating rolling stock, the imprisoned children of the Tsinpu, which had been listless for 8 months.

The Ghost of the Blue Express

The party left Pukow at about 9 o'clock, Saturday morning, December 29, in a special car tagged onto the "Limited", the faster of the two passenger trains which now travel daily on the Tsinpu between Pukow and Tainfu. The distance is less than 200 miles. Under "favorable weather conditions" and barring unseen incidents the "Limited" races over the trip in about 22 hours. This train is a feeble effort at the restoration of former service. Chinese who travel along the line wistfully refer to it as the "Ghost of the Blue Express." Doubtless those who once travelled in comfort, style and with satisfying speed on that crack train of Asia will appreciate the philosophic humor in this term.

The "Limited" seldom proceeds at more than 15 miles an hour. This is not so much because the roadbed is considered unsafe as it is precaution against the crippling of locomotives being used in this service. So few are the available engines that when one of them goes into the repair shops at Pukow it means the suspension of a freight or passenger train service until it is repaired. The train itself is made up of passenger cars nearly all badly in need of repair and groaning and lumbering along on flattened wheels. But these too are so few that the withdrawal at this time of one of them means a loss of revenue for the government. And the Ministry of Railways is badly in need of cash. Of the freight cars the same observation can be made, though in general they appear to be in better condition than most of the coaches.

At each station along the line one sees great rows of cargo stacked on the platforms. Rice, beans, millet, flour, kaioliang and dozens of lesser commodities stand rotting on the docks, waiting for "empties", the freight cars that never come.

At Kuan Tu-en and Pu-chen one scarcely can see the station so surrounded is it with these mounds of goods. Most of it is owned by the small merchants who operate usually on slim capital. Now many of them fear their investments are lost. Which certainly they will be unless the rolling stock is released from Tsinanfu.

Other results of this paucity of cars and locomotives are even more serious. Naturally it has had the effect generally of depressing the communities affected. Hundreds of coolie freight-handlers have been thrown out of work. Idly they gather when a train moves through their town. Many of them have exhausted their credit. And with difficulty they find odd jobs to earn enough coppers to survive on from day to day.

At Pu-chen we saw 2,000 ex-soldiers being loaded on top of freight cars already burdened with cargo. The station master informed us they were proceeding to Nanking where they will work on the new roads and government projects. At another station a freight train, also heavily laden with goods, carried an army of vagrants, many of whom, it was declared, were ex-coolie freight hands. Some of them recently had been dismissed from the armies. They carried bundles of clothes, packages of provisions, household goods or sacks of meal. One fellow I saw actually had dragged onto the top of a coal car what appeared to be a complete dining room suite. There was a heavy table, four chairs, and a Chinese buffet. He sat nonchalantly enthroned on top of the furniture, himself covered with coal dust. Some of these fellows were destined for Taianfu, where, because of the temporary location of the provincial capital, a semblance of prosperity prevails. But most of them are regular itinerants. They act as free-lance messengers and expressmen, each day carrying hundreds of parcels back and forth along the line. A paltry living they earn from such a trade. But it defeats starvation. From them the railway makes no attempt to collect fares. And as long as they cause no trouble they are permitted freely to travel. "It is better than having them become bandits!" sensibly explain the traffic supervisors.

We Encounter Difficulties—Chinese and Japanese

The "Limited" arrived at Taianfu Sunday morning at 10 o'clock. Evidently "weather conditions" had been against us. Here we were faced with the first of numerous difficulties. There was no locomotive to take our special car on to Tsinanfu. The reason was that the traffic manager of this division of the line, according to his own statement, had orders not to release locomotives north of Taianfu, where, since the Tsinan incident, only two locomotives, recently permitted by the Japanese to be repaired in connection with the temporary lifting of the Yellow River Bridge, have been operating. It was necessary then to procure from Tsinanfu one of these locomotives to draw our special car in that direction. Following a delay of twenty-two hours and after consultation with his superior at Tsinanfu, by wire, the Taianfu traffic manager finally did manage to secure one of these locomotives. But Mr. Mo, the traffic manager at Tsinanfu, had, so it was reported, gone into consultation with the Japanese consular authorities. The latter at first had insisted that the train was not to be allowed to proceed, but that Mr Hearne, unaccompanied, was to ride on the locomotive to Tsinanfu. The rest of the party, the Japanese advised through the Chinese railway officials, had better proceed by motor car. This suggestion Mr. Hearne rejected. Engine number 77 eventually arrived on Monday morning at about 8 o'clock however, and the perplexing trip to Tsinanfu was begun. Thereafter we proceeded as far north as Changsha, a station 25 miles beyond Taianfu.

At Changsha the train was held up by the station master, acting under instructions from the traffic manager at Tsinanfu who had telephoned that he was driving down to meet Mr. Hearne and consult with him. After a half an hour's wait this gentleman put in his appearance. He urged against proceeding any further by train, stating as his reason that he had just left a consultation with the Japanese, who had not agreed to let the train enter their occupied zone. Mr. Hearne, however, presented his letter of instructions from Mr. Choy, administrator of the railways, in which it was stipulated that we were to go by train to Tsinanfu, unless stopped by Japanese authorities. Much "walla-walla" ensued. The train was finally permitted to continue northward from Changsha.

From then on at nearly every station the train was delayed by the various stations masters, each of them acting under instructions from the Chinese railway officials in consultation with the Japanese authorities at Tsinanfu. But Mr. Lu, traffic manager at Taianfu, who had there joined our party, ignored these requests and ordered the train, after brief delays, to proceed slowly.

Into Tsinanfu On Foot

At about 12 o'clock we finally crept into Hsiachuang, a station just three miles south of Tsinanfu. Here the station master stopped the train. Mr. Hearne, leader of the party, was called to the telephone and advised by Chinese in consultation with the Japanese authorities that permission was being secured to bring the engine and private car into the Tsinanfu station and, rather than run the risk of creating an incident, it was advisable to delay our entry for a while. We waited three hours. Finally, impatient at the delay, we all decided that one object of the trip having been accomplished, since we had entered the 20-li "neutral" zone of the Japanese, it would be better to enter the city on foot than to suffer further delays. As we left the train a motorcycle and sidecar, carrying two Japanese army officers, appeared on the scene. But they did not question us. We already had begun to walk toward the city. The Japanese wheeled around and without having left their conveyance, returned in the direction whence they had come.

At no time did any Japanese authority actually attempt to stop the train. (Incidentally the statement attributed to the writer, in a Shanghai evening newspaper, to the effect that the Japanese seized the engine which brought us to Hsiachuang, is inaccurate. No such assertion ever was made by this member of the party.) But, it appears, that by working through the usual course of intimidation of Chinese officials, the Japanese authorities at Tsinanfu undoubtedly did exert every possible force to keep the train from entering the city, without actually and directly refusing to permit its arrival.

The Rolling Stock and the Repair Shops

A few hundred yards beyond the Hsiachuang station lie the locomotive sheds and repair shops of the Tsinpu Railway. And here the party made a hurried inspection of the much-discussed interned rolling stock and the various repair shops.

The rolling stock certainly is there. Long lines of locomotives stretch out along the yards, rusting, slowly disintegrating. They constitute an eloquent and depressing appeal. In them the great burning heart of fire has not glowed for many months. On other tracks we saw endless ribbons of freight cars, in much the same sad state as the locomotives. Their trucks are rusted; no grease has coated them for weeks. Meanwhile one remembered the mountains of cargo further down the line, waiting for shipment.

There was a Japanese statement to that effect the most of this rolling stock was not in a useable condition. The writer, while no mechanic, deems this highly improbable. For on only a few of the locomotives and cars are there evidences of serious damage or decay. And all of us remarked that despite exposure to the weather most of this stock appeared to be in

much better condition than that daily being utilized on the skeleton service of the Tsinpu, south of Taianfu.

The manager of the workshops stated that all but about 10 per cent of the engines and cars could be removed at once. Most of the locomotives, with minor repairs, could operate under their own power. The writer asked him for a complete and accurate report of the rolling stock now detained in the yards. It follows: 51 locomotives, 33 passenger cars, 9 service cars and 492 goods wagons. He also stated that the Japanese military authorities had questioned him regarding the amount of stock and that he had given them the same report. Regarding the discrepancy in the figures he stated that he supposed in the Japanese statement they had deducted the 20 cars and 2 locomotives which have been or are being repaired, with the consent of the Japanese, for use in the work on the Yellow River Bridge. These, he declared, since they too are operated under thes upervision of the Japanese military, also techineally are detained. Thus the original statement of Minister Sun Fo as to the amount of rolling stock held at Tsinanfu is unquestionably correct.

At the repair shops only about 10 per cent operating efficiency is being maintained, although the whole staff has been on half pay since last October. The Japanese conduct daily inspections of the progress of the work. It is said that the men must be accounted for to the Japanese authorities. To each of them is presented an armband of identification. These they must wear at all times. No repairs of which the Japanese have not been notified, are allowed to proceed. And since the reopening of the repair shops three months ago the Japanese have consented to the reconditioning of only the cars and locomotives mentioned above, for use in hauling materials to the Yellow River Bridge, according to the Chinese statements. The writer actually saw Japanese officers inspecting the work at the Bridge and encountered one Japanese soldier in the yards of the Tsinpu Railway.

Chinese railway officials showed the party a copy of a document which they alleged had been dictated by the Japanese military authorities to the "Joint Committee On Repairs", composed of Japanese and Chinese in Tsinanfu. In it were stipulations, in the form of an agreement, that only the two locomotives and 20 freight cars mentioned, would be repaired.

According to officials of the Tientsin-Pukow Railway the line is now operating at a daily revenue of about $20,000. This is approximately $40,000 below the normal revenues derived from the line. It is estimated that if the rolling stock at Tsinanfu could be released and through traffic be resumed to Tientsin, via Tsinan, the income at once would increase to $60,000 a day, as there is an enormous amount of freight awaiting shipment. With the restoration of the additional passenger cars, considerable traffic of this nature also would be enjoyed almost at once.

In answer to the Chinese claims that the Japanese military is detaining the rolling stock Mr. Nishida states that the Chinese never have officially requested its release. This assertion was refuted by Mr. Tsui Shih-chieh, Commissioner of Foreign Affairs for Shantung. In an interview with Mr. Tsui I was told that several letters had been written by him, the earliest three months ago, to Mr. Nishida, requesting the formal handing over of the interned stock. Mr. Tsui stated that the Japanese had ignored his requests. He has received no replies to any of his letters.

Japanese Admit Interfere

An hour after we entered Tsinanfu, on foot, the train which had brought us to Hsiachuang was allowed to enter the city, empty. But immediately following its arrival the Chinese railway authorities were summoned by Mr, Nishida and reminded of the "agreement" to the effect that no rolling stock was to move in or out of the 20-li zone without the consent of the Japanese authorities. They were instructed that any attempt in the future, such as the one we had made, would be interfered with by military force, if required. Mr. Nishida himself later confirmed the verity of this order.

Mr. Hearne, who because he is a British subject does not come under the order issued by the Japanese that no Chinese officials of any kind be permitted within the neutral zone, at once began efforts to negotiate with Mr. Nishida. He succeeded, on Wednesday morning, in securing an interview. The consultation lasted two hours. Results were negligible. While professing to be prepared at any time to enter negotiations regarding the return of the rolling stock and the resumption of traffic, Mr. Nishida refused to recognize Mr. Hearne's credentials, which consisted of letters of introduction and instruction from both Mr. Sun He-hao, managing director of the Tsinpu Railway, and Mr. T. K. Choy, director of the Chinese Government Railways. These letters fully empowered Mr. Hearne to act as a representative for the Ministry of Railways in negotiating. But Mr. Nishida desired further credentials from Mr. Tsui Shih-chieh,

(Continued on page 305)

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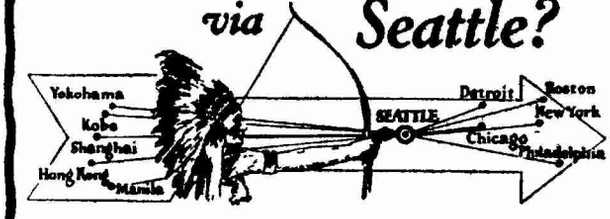

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The public is hereby notified that, according to instructions of the Kuan-wu Shu, all kinds of Native Straw Hats and Straw Braid are to be totally exempted from export duty when shipped abroad, and that when a consignment of such is declared for shipment abroad *via* another treaty port it is to be passed free of all duties by the Customs upon the shipper filling a bond at the port of original shipment guaranteeing that if proof of export abroad, in the form of a Re-export Proof Certificate issued by the Custom House at the port whence the goods are actually re-exported, is not forthcoming within one year from date of shipment, full export duty and coast trade duty on the consignment concerned will be duly paid.

Thus the present procedure, whereby coastwise shipments of Straw Braid are charged export duty at Hk. Tls. 0.350 per picul and coast trade duty at Hk. Tls. 0.700 per picul, both being refundable when export abroad takes place, will be discontinued, coastwise shipments of this article, not for shipment abroad, being charged the full export duty of Hk. Tls. 0,700 per picul at the port of export and coast trade duty of Hk. Tls, 0.350 per picul at the port of destination.

F. W. Maze
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 5th December, 1928.

Men and Events

Leon Friedman, general manager of China Motors, Inc., is ill at the General Hospital.

Dr. George Sellett, U. S. District Attorney at Shanghai is departing next week on a trip to Peiping.

C. F. Cress, representative in Shanghai for General Motors, has departed on a business trip to Hankow.

The South Manchuria railway research department announces that the bean harvest in Manchuria this year is 5,241,000 tons, an increase of 520,000 tons over last year.

A daughter was born at the Country Hospital, Shanghai, January 5, to Mr. and Mrs. J. J. James. Mr. James is the proprietor of "Jimmy's Kitchen."

Judge and Mrs. Milton D. Purdy of the U. S. Court for China have departed on a trip to the Straits Settlements and Siam.

Issac Mason will address the Royal Asiatic Society, Shanghai, January 17 at 5.30 p. m. on "The Mohammdeans of China."

C. E. Gauss, American Consul-General at Tientsin, has returned from leave of absence in the United States, relieving Mr. Dorsey, Acting Consul-General who returns to Tsingtao.

A strike of the employees of Sun Sun's, one of Shanghai's large department stores has been in progress for several days during the week and as a result the doors were closed.

James Hoeck who has been a member of the editorial staff of *The China Press* for the past two years and prior to that was employed on foreign newspapers in Japan, has departed for the United States.

Wm P. Hunt, who resigned as manager of the U. S. Shipping Board at Shanghai on Jan. 1 to accept a position as vice-president of L. Everett, Inc., of Shanghai, has returned from a business trip to Chinwantao.

A demonstration and lecture on the phonofilm, or talking moving picture, was given by Dr. C. H. Robertson, on Wednesday, January 9, 1929, in the laboratory of the National Committee Y.M.C.A., Room 230, 20 Museum Road, Shanghai.

Boris P. Torgasheff, Russian mining engineer and professor of mining and metallurgy of Shanghai, has been elected a member of the Belgian Royal Academy in consideration of his various writings and investigations in the field of metallurgy in Russia and China.

According to an order issued by the National Government December 31 the Ministry of Finance was instructed to issue bonds amounting to $10,000,000 for the purpose of famine relief in North China. Private concerns were also invited to render all possible assistance.

The Central Party Headquarters at Nanking are considering the building of a spacious building for the accommodation of the large number of Party delegates from all parts of the country who are expected to attend the forthcoming Third National Congress of the Kuomintang,

Frederic Ward Post of the American Legion in Shanghai recently elected the following officers for the current year:—Commander, M. C. Cheek; Vice-Commander, O. D. Martines; Adjutant, F. F. Glass; Treasurer, George F. Shecklen; Historian, Mrs. C. Bennett; Sergeant at Arms, C. Heyn.

The State Council in a recent Order commends Dr. C. T. Wang for his spirit of self-sacrifice and magnanimity which he showed during the recent demonstrations at his residence by a

(*Continued on page 305*)

NOTICE

The Public is hereby notified that the name of the National Bureau of Registration has been changed into that of the Bureau of Trade Marks and that its office has been removed to No. 1, See-Bar-Fu-Tong (西八府塘一號) of Nanking City.

By Order

Who's Who in China

Dr. Chu Min-i

褚民誼

Dr. Chu Min-i, born in 1884, is a native of Nanzin, Chekiang province. Before receving his early education, he already was in favor of overthrowing the Manchu government. He received a private education in the Zin Chi Public School in his native district.

When the Russo-Japanese War broke out in 1903, Dr. Chu was impressed with China's weakness, so he went to Japan where he took courses of study in politics and economics, Having finished his education in Japan he returned to China and devoted himself to national affairs. In 1908, Dr. Chu together with Mr. Chang Ching-kiang proceeded abroad, among other things joining the Tung Min Hui, a revolutionary society at Singapore. While in France Dr. Chu, Tsai Yuan-pei, Wu Sze-hui and Li Shih-tseng established the *World Pictorial News* and the *New Century* to assist the cause of the Chinese revolution.

When the European War broke out, Dr. Chu accompanied Mr. Li Lieh-chun back to China where he continued the revolutionary work for a number of years. Later he went to Paris again where he studied medicine, and still later entered Strasbourg University to study Histology, finally obtaining the degree Doctor of Medicine and also the B. A. of Pharmacy. In 1921 he established the Universite de Lyons and he himself served as its Vice-President for a year.

In 1924 Dr. Chu returned to China, and in 1925 became the Assistant-President of the University of Kwangtung. At the Second Representative Conference of the Kuomintang at Canton, he was elected a substitute member of the Central Executive Committee. When the East Expedition was started he was appointed head of the Medical Corps in charge of sanitation in the army and the hospitals both at the front and the rear. He held the same position in the Northern Expedition. He followed the army through Kiangsi, Hunan, Hupeh, Anhwei, Chekiang and Kiangsu provinces, and did efficient work. In 1927, he became President of the Institut Technique Franco-Chinois at Shanghai. At the 4th Plenary Session he was promoted to be a permanent member of the Central Executive Committee in 1927. In 1928 he was sent by the National Government to Europe to investigate public health matters, journeying through Switzerland, Southern Germany, France, and Belgium. In France, he made speeches regarding the Kuomintang and its policy toward foreign nations, which were favorably received.

Upon his return to China, he was appointed Chairman of the National Sanitation Reconstruction Council and member of the University Council of the Ministry of Education.

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India	Australia	Jugoslavia

47-361

In the United States Court for China

THE HARBIN ELECTRIC JOINT STOCK COMPANY, LTD.
Plaintiff,
vs.
BECKMAN & LINDEN ENGINEERING CORPORATION
E. W. BEARDSLEY
THE NATIONAL CITY BANK OF NEW YORK
Defendant

Cause No. 2958
Civil No. 1214

ORDER.

Filed at Shanghai, China, November 27th 1928.

JAMES M. HOWES
Clerk.

ORDER.

The object of this suit is to recover from The National City Bank of New York certain deposits in the sums of Harbin $225,741.52, and Harbin $239,-441.22, together with interest thereon from the 25th day of June, 1927, to date of payment; and to obtain a judgment that the Defendants, Beckman & Linden Engineering Corporation and E. W. Beardsley, and neither of them have any right, title, interest or claim whatsoever to the said deposits.

WHEREAS plaintiff herein, by its attorney has this twenty-seventh day of November, 1928, made application for the substitution of publication for personal service of summons upon the defendants, Beckman & Linden Engineering Corporation and E. W. Beardsley; and

WHEREAS it appears from the files of this case that on the 27th day of November, 1928, the summons for the said defendants, Beckman & Linden Engineering Corporation and E. W. Beardsley, was returned by the Marshall of the United States Court for China "Defendants, Beckman & Linden Engineering Corporation and E. W. Beardsley, cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 27th day of November, 1928, Sidney A. Moss, of counsel for the plaintiff herein, filed an affidavit to the effect that the defendants, Beckman & Linden Engineering Corporation and E. W. Beardsley were not residing nor maintaining an office or regular place of business in the Republic of China nor had they been residing or maintaining an office or regular place of business within the jurisdiction of this Court during the last four years.

NOW, THEREFORE, it is this 27th day of November, 1928, ORDERED that the defendants, Beckman & Linden Engineering Corporation and E. W. Beardsley, cause their appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 5th day of January, 1929, the day of the last publication of this order; otherwise the case will be proceeded with as in cause of default.

BY THE COURT.

MILTON D. PURDY
Judge

47-362

Japanese News Reports on Chinese Situation

The following news reports are summaries of news messages dealing with the Chinese political situation and Japanese activities in China which are distributed to the Chinese and foreign press in China by the Japanese semi-official Toho News Service:

Tokyo, Jan. 5.—Mr. Tokonami has third interview with Premier Tanaka on Chinese questions.

Tokyo, Jan. 6.—Japanese Minister Yoshizawa states that there is no truth in the report that the Foreign Office and the War Office differed as to the policy towards China and as regards the tariff he saw no hope of any progress.

Peiping, Jan. 6.—Guidance committee men of Jehol District party resign as they are opposed to Tang Yu-lin and request Nanking government to appoint successors who could display the glory of the Kuomintang while cooperating with him.

Tokyo, Jan. 5.—Foreign Office spokesman denies report, published in Harbin paper that the Soviet Government fearing China's policy regarding the Chinese Eastern railway had approached Japan with a view to the latter taking over the property.

Peiping, Jan. 7.—Armed police raid Public Police Bureau and arrest 17 student-police, alleged to have received bribes from Communists.

Tokyo, Jan. 7.—Prominent officials hold conference at Foreign Office and come to a decision that while Mr. Tokonami's suggestions on Chinese matters may be adopted in principle the Japanese Government does not find it necessary to divert from its China policy, already fixed.

Tientsin, Jan. 9.—Peiho conservancy delayed owing to Bankers Association rescinding previous intention to undertake paying $4,000,000 for said purpose.

Peiping, Jan. 9.—Gen. Liu Hsiang's army captures Wanhsien· Gen. Yang Sen's army retreating towards Liangshan.

Hankow, Jan. 9—Guards of Bureau of Public Safety preserve order when anti-Japan pickets try to create disturbance on boundary of Japanese Concession.

Tokyo, Jan. 9—Premier Tanaka in interview says that something troublesome may occur if the National Government tries to enforce new tariff on February 1 before the conclusion of a new China-Japan treaty.

Peiping, Jan. 9.—Honan Provincial government decides to confiscate and sell 30,000 tins of Socony oil, on the ground of wrong destination being given in the certificates.

IN SOUTH CHINA TO-DAY.

(*Continued from page 288*)

concessions, whereas all theatres in Chinese territory should boycott film-producers who persist in turning out such films. If the producers must have villains, let them have them of of their own nationality. Why depict Chinese as murderers of white women or stranglers of defenceless old folk? And if such a boycott as we have suggested does not bring about the desired change, we would suggest Chinese film-producers to co-operate in the matter, in the way of producing a series of films featuring Westerners as murderers of Chinese women, kidnappers of Chinese children or stranglers of defenceless old Chinese folks, just to find out how the Western public would take to such films. We dare say if anything like the foregoing action were taken on this side of the Pacific, there would be a hue and cry raised by foreign die-hards in this country over the 'atrocious nature' of Chinese film productions. But at present, no such films have been produced in this country, hence the silence and enjoyment of die-hards over the atrocious films from the West. Die-hards also seem to enjoy producing amateur plays with Chinese as villains--in Shanghai they seem to be particularly fond of hurting the susceptibilities of the Chinese in this manner. Last year, if we remember rightly, Shanghai amateurs produced a play that caused considerable annoyance to the Chinese there but paid no attention whatever to Chinese protests. On the other hand, a play called 'The Shanghai Gesture' which was being produced in the States was taken exception to by Shanghai diehards. It seems that in Shanghai what is sauce for the goose is not sauce for the gander."

Canton, December 25, 1928.

From the Chinese Press

(News items pertaining to Chinese politics and general affairs appearing under this heading, are taken chiefly from the daily reports of the Kuo Wen (independent) Kuo Min (Nanking official), Ta Chung (Kuominchun) and from translations of articles and dispatches appearing in the local Chinese press).

Wednesday, January 2.—Public trial of suspects in the "Kiangan" opium case is ordered to be held before the Shanghai district court January 4; Col. Fu Siao-hsin, however to be tried before a military court at Nanking.

Thursday, January 3.—State Council mandate authorizes Ministry of Finance to provide ten million dollars for famine relief, at same time urging local civic organizations to assist in raising the required expenses.—Light railway to be built in Shansi connecting Tatung and Puchow.

Friday, January 4.—A so-called Manchuria Self-Determination Association meets at Dairen with a view to undermining National authority in said province and also in Mongolia.—Hankow native products exhibition to open in Hankow, February 1.—Kwangsi province tightens up measures against opium.—Status of China Merchants Steam Navigation Co. being investigated by Ministry of Industry, Commerce and Labor.—Former German and Russian concessions at Hankow are placed under control of Wu-Han Municipal Committee.—Pei Tsung-hsi telegraphs Chiang Kai-shek suggesting that surplus troops of National army should be transferred to the north-east and to the north-west border for garrison duty.—Former Winter Palace at Peiping thrown open to public on New Year's day.—Gen. Li Chi-sen leaves Hongkong to attend Nanking disbandment conference.

Saturday, January 5.—Wang Shu-chang, Chang Hsueh-liang's delegate from Mukden, states that seventeen divisions of troops have been disbanded since the pacification of the North-eastern territory.—Sun Fo petitions disbandment conference to take steps preventing further requisition of railway funds by military.—Anti-Japanese boycott in Nanking tightens.—State Council holds 14th meeting.—Kiangsu government shortly to install long-distance telephone between Nanking and Hangchow.—Tsai Yuan-pi, president of the Control Yuan, busy drafting regulations; first meeting to be held next month.—Loh Lung-hsiang installed as district magistrate at Shanghai.—Canton-Shanghai air-mail service proposed by Canton Aeronautical Association.—Chang Chi-kiang withdraws resignation as chairman of opium suppression committee.—Gen. Ho-chien intensifies bandit suppression activities in southern Honan and Western Kiangsi.

Sunday, and Monday January 6. and 7,—Members of National Disbandment conference meet at Nanking and take solemn oath to enforce disbandment measures for the safety of the conference, to remain in session for two weeks.—Legislative Yuan holds fifth meeting—Woosung officials engage in sanitary improvements for the town in accordance with instructions from Hsueh Tu-pi, Minister of Health.—Li Chung-jin announces that he will remain in Nanking after the conilcusion of the military conference so as to complete the organization of the military advisory council.—Drafting committee of disbandment conference holds its first meeting at Nanking.—Military leaders at disbandment conference are of opinion that regional control should be abolished. Tan Hsu-ching announces at Nanking that arrangements have been made for the reorganization of various mititary groups in Shantung, but the units under Gen. Liu Chien-nien are still in Chefoo and awaiting reorganization.—A party of railway officials who proceed in a special train towards Tsinanfu with the object of restoring traffic on the Tienstin-Pukow railway are interfered with by the Japanese military authorities—Announcement made at Hankow that Wu-Han Aeronautical Association will open service to Canton March 1.—Chairman of Feng-tien Provincial Government wires Nanking asking for early appointment of Party Affairs Directors for that province.—Gen. Lu Ching-lin wires from Kaifeng that he is unable to attend Nanking conference as he is in the midst of bandit suppression activities.

Tuesday, January 8.—Dr. C. T. Wang in an address at Nanking emphasizes the importance of an independent reorganized judiciary and a unified financial system for China.—State Council commends Dr. C. T. Wang on the self-sacrifice and magnaminity shown by him on the occasion of the recent demonstrations at his residence in Nanking by a crowd of paraders under the auspices of the anti-Japan association.—Ministry of Finance is instructed to issue bonds for $10,000,000 for famine relief.—Two radio stations to be installed at extreme end of Woosung delta so as to assist navigation on foggy days.—Turkish and Polish governments signify desire to conclude treaties with China.—Kaifeng telegram reports completion of Tungkwan-Sian motor highway.—Liu Chu reports at Nanking that over half of the Lingpao-Tunkwan section of the Lung Hai railway has been completed.—Military Conference establishes five departments to facilitate transaction of busness.—Ministry of Foreign Affairs requests Japanese Minister to pay adequate compensation for ricsha coolie killed at Nanking by recklessly driven Japanese motor truck.

Wednesday, January 9.—State Council receives petition from the Heilungkiang Railway Rights Association requesting Government to prevent further encroachment by Japan.—Commandant Teng of the Woosung Forts protests against foreign steamers disobeying signals to heave to.—Work commenced on building ten motor roads in Chekiang province.—Sun Fo in interview states that any large scheme for conservancy in the Yellow and Huai rivers must wait on better finances.—At 10th meeting of Exeecutive Yuan resignation of A. H. F. Edwardes as Officiating Inspector General of Customs is accepted and F. W. Maze appointed as Mr. Edwardes' successor—Second session of Military Conference is attended by all party and goverment leaders except two who are ill.—Chu Chang-nien, Counsellor of the Ministry of Foreign Affairs, entertains Baron De Warzee, Belgian Minister, at Shanghai.—Preparations completed for conveyance of remains of Dr. Sun Yat-sen from Peiping to Nanking.—Feng Yu-hsiang at Nanking suffers from an attack of influenza.—Narcotics Drug Bureau to be organized at Nanking shortly.—Wu-Han Municipal Committee plans loan of $3,000,000 to construct native products factories.—Ministry of Finance forbids provinces to levy surtaxes on farm lands.

Dr. T. B. Dunn Appointed U. S. Public Health Service Surgeon

Dr. Thomas B. Dunn, who has been a practising physician in Shanghai, for the past seven years, has been appointed surgeon to the United States Public Health Service in Shanghai in succession to Dr. Vance Murray, who departed from Shanghai recently en route to a new appointment in Buenos Aires, South America. Dr. Dunn was born in California May 5, 1886, He received his degree of B. S. in 1913 and M. D. in 1918. He joined the U. S. Navy in 1918, doing regular service in the Navy as lieutenant in the Medical Corps. He has seen service in the Phillipines, China, Japan and Vladivostock. He left the service of the Navy in 1921, since which date he has been a practising physician in Shanghai.

Thomas B. Dunn, M. D.

Yu Ya-Ching Presses for Settlement of May 30 Incident

Yu Ya-ching, former chairman of the Chinese General Chamber of Commerce in Shanghai, in his capacity as chairman of the committee for funeral affairs of the victims of the May 30 incident in Shanghai, when a number of students and other Chinese were shot dead by members of the Shanghai Municipal police, has, (according to the *Kuo Wen* news agency) sent a lengthy petition to Gen. Chiang Kai-shek, president of the National Government, to bring up the question again with the Shanghai Municipal Council, (for which he points out the British are largely responsible). Mr. Yu says it is impossible for friendly relations between the two nations, Britain and China, to be resumed so long the former refuse to comply with the fifteen conditions prepared by the Chinese, which also include due monetary compensation. Mr. Yu draws a comparison with the Nanking incident, which he says is really a minor matter compared with the May 30 affair, for which the Government has given its best attention and has taken upon itself full responsibility.

New Books of Interest in the Far East

The Mastery of the Pacific

The Mastery of the Pacific by Sir Frank Fox, London: The Bodley Head Ltd., 8/6.

REVIEWED BY E. F. C.

The United States' policy of dealing independently with the various problems of the Pacific, instead of jointly with other interested powers, draws a sharp indictment from the pen of Sir Frank Fox, the eminent British journalist, in his latest book, "The Mastery of the Pacific." Quite obviously the author has designed this book as a medium for furthering the efforts of Great Britain to induce the United States to join her in working out a policy in the Pacific. If this point is kept in mind, the book is well worth the reading for it contains a very comprehensive resume of the factors responsible for the so-called Pacific "problem." Sir Frank is courageously candid in his history and analysis of American and British foreign policies. One has the feeling that he has recorded his convictions without attempting to edit them for foreign consumption. The resulting candor is refreshing in spite of the fact that it occasionally pierces the pride and pet ideals of the sister nation across the Atlantic. The principle of British-American co-operation is sound in theory: in practice, as Sir Frank unconsciously implies, it too often works out that the co-operation is expected to be based on the current British solution for the problem in question. And it is seldom that American and British ideas on foreign policy are in agreement.

A word about the author; Sir Frank Fox was born in Australia in 1874, and was educated at Christs' College, Hobart, Tasmania. He engaged in journalistic work in Australia till 1909, when he went to London to join the staff of the *Morning Post*. He was correspondent for the *Post* with the Bulgarian Army in the Balkan War, and with the Belgian Army in the early part of the World War. Joining the colors in December, 1914, he served on the Somme with the Royal Field Artillery, where he was twice wounded. He subsequently served as a staff officer at headquarters in the field, and at the War Office. Since the war he has been engaged in journalistic work, and in the advocacy of Imperial causes. (Some of his former books are: "The British Empire," "Problems of the Pacific,") "The King's Pilgrimage," and "Beneath an Ardent Sun".

In the book under discussion Sir Frank analyzes the positions of Europe, Russia, Japan and China with relation to the present situation in the Pacific. He then devotes three chapters to a discussion of America's position, in which he traces the growth of the United States, and professes to prove that her present foreign policy is identical with that employed by Great Britain in the 19th century; asserting that she is the great imperialistic power of the world today. Great Britain's relation to the Pacific is reviewed in two chapters, after which the author jumps to Latin America. The final two chapters are devoted to a summary of the strategic facts bearing on the Pacific problem, and to the development of a series of hypothetical situations purporting to lead to a forecast of future developments in the Far East.

Reference has been made to the author's object in writing this book. The contention that his object was to aid Great Britain in swinging the United States to her side in the matter of applying a well defined policy in the Pacific is substantiated by the following facts:

The United States is described as desiring to appear Quakerish in temperament; of possessing the "habit of imagining herself as pursuing, in happy contrast to other wicked peoples, a simple and peaceful life, with no desire for acquiring territory, no wish to interfere with the affairs of others, in the world but not of the world":

"The facts are", the author states, "that the United States' national temper is exactly the reverse of Quakerish and reacts instinctively to the Imperialist aspirations derived from her ancestry and implicit in her national greatness"..... "The United States patriot wants to know that a possession is foreign, is desirable, and also is ill-governed, before he will be moved to action, and will land troops 'to establish neutral zones'—that excellent euphemism of St. Samuel for the invasion of neutral countries. "This is calculated sarcasm.

There follows a brief review of the expansion of the United States from the days of the Thirteen Colonies to the present time. It is quite clear that the argument up to this point has been constructed to show that the United States is no less Imperialistic in her tendencies than Great Britain, and to urge the acceptance of this fact on the American people that they may be more willing to see eye to eye with Great Britain in future foreign questions of mutual interest.

When the author reaches Great Britain in his discussion he emphasizes her reluctance to enter the Pacific arena, the tardiness in colonizing Australia being used as an illustration. He also emphasizes that, having entered the Pacific, her position there must be maintained. Peace in that area can only be assured thru the alliance of two of the three great powers having interests there. As between Japan and the United States, he would choose the latter for an alliance with Great Britain. Which brings us to the matter of the policy resulting from such an alliance, which is the fly in the ointment.

This is Sir Frank's view "In regard to China, the United States' attitude is theoretically correct: that the independence of China should be safeguarded, that in the development of the resources of China, the Chinese people should be first considered, and after them all the world should have an equal opportunity. But in practice as shown during the recent critical stage of disorder in China, the United States attitude is that of the one just man in the world, who cannot soil his soul by association with his neighbors; and who also is a selfish man and does not care who is miserable so long as he is prosperous." And the author suggests this solution: "What is suggested is that the British Empire and the United States following a policy of peace, should discuss frankly together, and should co-operate in settling the problems arising on the margin of the Pacific Ocean, with the motive of serving not their own particular interests but the interest of the world at large; and should begin at once with the situation in China, where a great, industrious, peaceful population need to be given disinterested ***protection and tutelage*** to enable them to achieve a settled system of government."

The words "protection and tutelage" in the above paragraph should be noted, for they constitute the principal difference between the policies of Great Britain and the United States, especially in so far as the Chinese are concerned. America's Imperialistic tendencies have not yet developed to the point where she will interfere in the internal affairs of another country without receiving an invitation from that country except to assure the protection of her nationals. The imposition of "protection and tutelage" on a foreign country is simply the first step towards the establishment of suzerainty. The United States has consistently refused to be a party to any agreement or policy which contemplates the use of force to impose government on a foreign people. Her hand is always extended to backward nations, but it is extended as to an equal in need of advice and guidance; not as to an inferior whose weakness is to be used as the excuse for the arbitrary imposition of her will and ideas. If Sir Frank's words reflect the convictions of the British people then they have a gross misconception of the reason the United States is following an independent policy in the Pacific.

Education in America

Some Phases of Popular Control of Education in the United States, an Analytical Study of Legal Status Relating to State Control of Education, by Chien-Hsun Li, Ph. D. The Commercial Press, Ltd., Shanghai, 1928. 250 pages, 9 statistical tables, 5 charts, 13 diagrams, 4 maps, 2 appendices.

This is a work concerned with school organization and administration rather than with any of the subject matter of education. And regarding the organization it is the legal and governing function of the state that is studied rather than direct control in the sense of management. Therefore the volume is of necessity not a popular book for ordinary reading. It should be helpful to those citizens of China who wish to see a wider interest in educational matters. As a reference book it might be very useful, and it may show to curious Americans the great diversity in the legal control of education in the United States. The last chapter, in which the author makes application of his studies to the needs of China is the only one with inspiration for any but a professional educator.

Dr. Li points out in this section of the book the major differences between American Educational and Social conditions and the same affairs in China. In America the school system has been developed from the ground up—elementary schools leading on to higher, and all under the control of democratic organization. In China under the Republic the educational activities are all "directed and regulated by man date, ordinance, rules and regulations, which represent the will and expression of the state." G. B. S.

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MEN AND EVENTS

(*Continued from page 300*)

crowd of paraders under the auspices of the Anti-Japan Association.

Arthur Nichols Young, Director of the Economic Division of the State Department, and Professor Edwin Walter Kemmerer have been appointed by the National Government to Nanking as advisers on public finance. Both Mr. Young and Mr. Kemmerer are economists of note and the authors of standard works on financial subjects.

Major John Magruder, Military Attache at the American Legation at Peiping, arrived in Shanghai during the week. After a few days investigation here he is proceeding to Nanking where he will spend some time. Major Magruder is a son-in-law of Dr. Jacob Gould Schurman, former American Minister to China, and at present American Ambassador to Germany.

Upwards of a hundred students, of both sexes, comprising the "Floating University", were visitors during the week to Shanghai on the Dollar round-the-world steamer *President Van Buren*. Dr. E. A. Ross is in charge of the party, among whom is Miss Lucille Douglas, formerly employed on the *Shanghai Times*.

Nippon is the name of a new monthly journal which has been established in Tokyo, by the Kishi Publishing Office, with Mock Joya as editor. The December issue contains articles on the Course of Diplomacy, by Baron Kideshara, and the Political History of Modern Japan, by Mamoru Kishi, Member of the Japanese Parliament.

The current issue of the *Chinese Student*, which is the year-book of the Central Union of Chinese students in Great Britain, covering the year from July 1927 to July 1928, reviews events in China during the period above referred to and gives a resume of the activities of the Central Union and of the various local centers such as Cambridge, Edinburgh, etc.

Mr. and Mrs. George S. Parker of Janesville, Wisconsin, have announced the marriage of their daughter Virginia Rosalie on December 1 last to Gerald Aldous Bate. Mr. Parker, who is the president of the Parker Fountain Pen Company, accompanied by Mrs. Parker and their daughter, traveled extensively in China last year.

Henry P. Fletcher, American Ambassador to Italy, who is accompanying President-Elect Hoover on a tour of the various countries of South and Central America was formerly connected with the American Legation in Peiping, where he served as Second Secretary from April 29, 1903 to March 10, 1905 when he was transferred to Lisbon.

The Shanghai General Chamber of Commerce is reported to have petitioned the National Government to cancel the recent order to prohibit fortune-telling. The Chamber points out that thousands of blind persons who eke out a living by fortune-telling will be thrown into even greater misery in case the order is enforced.

The trial of the persons arrested in connection with the *Kiangan* opium scandal has been resumed at the Shanghai District Court but the proceedings have so far not been made public. Col. Fu Shiu-shien, formerly chief detective attached to the Shanghai Gendarmerie Commissioner's yamen, and Li Chuan-chen, an officer of the Bureau of Public Safety, are still in Nanking, where they will be tried by a military tribunal.

Chester Fritz, who has been representative in Shanghai for the American Metal Co., Ltd., dealers in gold, silver, copper, lead and zinc, has resigned his position to join the American firm of Swan, Culbertson and Company, dealers in investment securities. Swan, Culbertson and Company have recently removed their office from Kiukiang Road to Sassoon House located on the Shanghai Bund.

Chu Chang nien, councillor of the Ministry of Foreign Affairs of the National Government gave a dinner in Shanghai on the evening of Wednesday, December 9 in honor of M. de Warzee, Belgian Minister to China. Among the guests were members of the local British Consulate-General, Wunsz King, Commissioner of Foreign Affairs, Mayor Chang Ting-fan, C. Kuangson Young of the Ministry of Foreign Affairs and others. M. de Warzee returned to Peiping by rail stopping over in Nanking where he was entertained by Dr. C. T. Wang, Minister of Foreign Affairs.

F. W. Maze Appointed Inspector General of Customs

The National Government during the week issued a Mandate appoining F. W. Maze, Inspector General of Customs in succession to Sir Francis Aglen, who left Peiping in 1927. At the same time the resignation of A. H. F. Edwardes as Officiating Inspector General of Customs was accepted. Mr. Maze has for some time been Commissioner of Customs at Shanghai and concurrently Deputy Inspctor General.

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WHY THE ROLLING STOCK ISN'T ROLLING OUT OF TSINANFU!

(*Continued from page 299*)

it was stated, from the president of the National government, and from Mr. Sun Fo, Minister of the Railways.

Mr. Hearne also was presented to the Japanese military chief of staff, Colonel Tanai, who supported Mr. Nishida in refusing to recognize Hearne as a properly identified representative of the government. The latter frankly asked them what would be their position should he order the removal of the rolling stock without their consent,

"In that event," Mr. Nishida was reported by Mr. Hearne as smilingly saying, "it is quite possible that you might be prevented—by military force if necessary." And yet the Japanese continue to claim that never have they interfered with the administration of the railway nor have they any intention of so doing!

Further evidence that such interference and severe restrictions have occurred in the past and daily are being enforced both in connection with the temporary lifting operations on the Yellow River Bridge and the functioning of the Tsinpu Repair Shops was presented to the party. These subjects will be discussed in full, in next week's issue of the *Review*.

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity		Sale Price Jan. 10	Approx. Yield to Maturity %
The National City Bank of New York	20	Stock		1455	1.37
Argentine Government	6	Oct. 1,	1960	99⅜	6.02
Australia	4½	May 1,	1956	87⅜	5.36
U. S. of Brazil	6½	Oct. 15,	1957	94⅛	6.94
Kingdom of Belgium	7	Nov. 1,	1956	107⅛	6.43
City of Budapest	6	June 1,	1962	82	7.47
Canadian Pacific Railway	4	Perpetual Stk.		85¼	4.66
Chgo., Milw., St. Paul & Pacific Rwy.	5	Jan. 1,	2000	77⅞	6.44
Chicago Rapid Transit Co.	6	July 1,	1953	91	6.76
Chile Copper Co. Debs.	5	Jan. 1,	1947	94	5.53
Chile Government (Railway)	6	Feb. 1,	1961	92⅜	6.54
Cuba Northern Railway	5½	June 1,	1942	91½	6.45
Republic of Costa Rica	7½	Sep. 1,	1949	101½	7.36
Chile Government	6	Sep. 1,	1961	92⅜	6.54
Cuban Dominican Sugar Co.	7½	Nov. 1,	1944	97	7.83
Kingdom of Denmark	6	Jan. 1,	1942	104⅜	5.48
Dutch East Dadies	5½	Nov. 1,	1953	103⅛	5.25
Republic of Finland	5½	Feb. 1,	1958	90½	6.21
French Government	7	Dec. 1,	1949	107¼	6.35
German Government	7	Oct. 15,	1949	106⅛	6.43
German Central Bank for Agriculture	6	Oct. 15,	1960	87⅜	6.95
German Central Bank for Agriculture	6	Apr. 15,	1938	90½	7.47
German General Electric Co.	6	May 1,	1948	93	6.63
Greek Government	6	Feb. 1,	1968	87⅛	6.93
Ilseder Steel Corporation	7	Apr. 1,	1946	103 (Bid)	6 71
Kingdom of Italy	7	Dec. 1,	1951	97	7.27
Japanese Government	6½	Feb. 1,	1954	101	6.42
State of Minas Geraes (Brazil)	6	Mar. 1,	1958	93½	7.01
Mortgage Bank of Chile	6	Apr. 30,	1961	91⅝	6.64
Netherland	6	Apr. 1,	1954	100¼	5.98
Norwegian Hydro-Elec.-Nitro. Corp.	5½	Nov. 1,	1957	92	6.09
Kingdom of Norway	6	Oct. 15,	1952	102⅜	5.82
Northern Ohio Power & Light Co.	6½	Jan. 1,	1941	99	6.62
Republic of Peru	6	Dec. 1,	1960	89½	6.81
Paris, Lyons & Med Rwy.	6	Aug. 15,	1958	99⅞	6.04
Republic of Panama	5	May 15,	1963	94½	5.35
State of Rio Grande Do Sul (Brazil)	6	June 1,	1968	92	6.57
Rhine Westphalia Elec. Power Corp.	6	Aug. 1,	1953	96	6.32
Saxon State Mortgage Inst.	6½	Dec. 1,	1946	95	6 99
Saxon Public Works, Inc.	6½	May 1,	1951	95	6.94
Tokyo Electric Light Co.	6	Jun. 15,	1953	90	6.85
United Kingdom of Gr. Britain	5½	Feb. 1,	1937	104½	4.82
City of Vienna	6	Nov. 1,	1952	87	7.14
Abitibi Power & Paper Co.	6	Cum. Pfd. Stock.		89	6.74
BelgianNat'l.Rwy.Peptg. Pfd. Stock	6	(American Shrs)		84⅜	7.08
Cannon Mills Co.		Common Stock		47½	——
General Mills, Inc.	6	Cum. Pfd. Stock.		99½	6.03
General Mills, Inc.		Common Stock		84	——
Hershey Chocolate Corp. Convertible	4	Pfd. Stock		83½	4.79
Mohawk Carpet Mills, Inc.		Common Stock		75	——
Pennsylvania-Dixie Cement Corp	7	Cum. Pfd. Stock.		88	7.95
Victor Talking Maching Co.	7	Cum. Pfd. Stock.		114	6.14
Willys Overland Co.	7	Cum. Pfd. Stock		101½	6.90
General Motors Corp. (New)		Common Stock		82¼	——
Andes Coper Mining Co.		Common Stock		52	
General Motors Corp. (Old)		Common Stock		204	——
United States Steel Corp.		Common Stock		163	——
Standard Oil Co. of New Jersey		Common Stock		53	——
Standard Oil Co. fo New York		Common Stock		44	——
Cities Service Co.	5%	Apr. 1,	1958	90	5.71
Republic of Finland	2.%	Sep. 1.	1956	99	6.58

NOTE: The above quotations are subject to confirmation by The National City Company, New York City.

Shanghai Exchange for Week Ending Wednesday, 9th January, 1929

Exchange:—The price of Bar Silver in London remains steady, the latest quotations being 26⅜d. for spot and 26 7/16d. for forward delivery, as against 26 7/16d. and 26¼d. respectively since the date of our last circular.

The market in exchange transactions continues to be very languid, the volumn of business being very restricted. In the absence of movement the rates may be expected to be subject to only silght fluctuations.

Our local market closes to-day quietly steady, with the following rates available for near delivery, T/T on London 27 1/16d., on New York 63½, Yens 72.

We regret that owing to an invertence we are unable to give the stocks of Silver this week.

	Average rates for Dec.	Thursday Jan. 3th	Friday Jan. 4th	Saturday Jan. 5th	Monday Jan. 7th	Tuesday Jan. 8th	Wed., Jan. 9th
Bank's selling rates		opening closing	opening closing	opening closing	opening closing	opening closing	opening closing
T/T London	2/7 125	2/7¼	2/7¼	2/7¼	2/7¼	2/7¼	2/7¼
D/Dfts ,,	—	2/7 5/16	2/7 5/16	27 5/16	2/7 5/16	2/7 5/16	2/7 5/16
4 m/s ,,	—	2/7½	2/7½	2/7½	2/7½	2/7½	2/7½
T/T India	171.936	172½	172½	172½	172½	*172½	172½
T/T France	1,610.208	1615	1615	1615	1615	1615	1615
T/T [illegible]	62 916	63¼	63¼	63¼	63¼	63¼	63¼
T/T [illegible]d		63⅜	63⅜	63⅜	63⅜	63⅜	63⅜
T/T Hamburg		265	265	265	265	265	265
T/T H'kong	78.755	78⅞	79	79	79	79⅛	79⅛
T/T Japan	72.984	72¾	72⅞	72¾	72¾	72⅝	72½
T/T Batavia	156.229	157	157	157	157	157	157
T/T Straits	90.125	89¾	89¼	89¾	89¾	89½	89⅝
Bk's buying rates							
4 m/s B/L Cred. D/A	2/9.125	2/9¼	2/9¼	2/9¼	2/9¼	2/9¼	2/9¼
4 m/s ,, D/P	—	2/9⅜	2/9⅜	2/9⅜	2/9⅜	2/9⅜	2/9⅜
6 m/s ,, B/L Cred D/A	2/9.437	2/9 9/16	2/9 9/16	2/9 9/16	2/9 9/16	2/9 9/16	2/9 9/16
4 m/s B/F Cred D/A or D/P	1,680.208	1685	1685	1685	1685	1685	1685
4 m/s N Y Lcs	66.161	66½	66½	66½	66½	66½	66½
4 m/s ,, Doc	—	67	67	67	67	67.	67

†Based on Daily Official quotation higher rate taken on rising Market, lower when falling Bullion.	Jan. 3	Jan. 4	Jan. 5	Jan. 7	Jan. 8	Jan. 9
*London Price of Bar Silver per oz (English Standard 925 touch)...Pence	26 5/16	26 3/8	26 5/16	26⅜	26 3/16	26⅜
**New York Price of Bar Silver per oz. (Pure)	G. $.57 7/16	G. $.57⅜	G. $.57⅜	G.$ 57½	G.$ 57½	57¼
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping 978 touch)	Tls. 357	Tls 356.20	Tls. 356.10	Tls 355.20	Tls 355.50	Tls 354.50
Shanghai Silver Bars (weight Tls 100 (C.) 999 touch	110.90	110.90	110.9	110.90	110.9	110.90
Shanghai Mexican Dollars per $100	71.8375	71.8375	71.775	71.8	71.775	71.85
Native Bank Rate of Interest (Call money)	4½%	4%	3½%	3½%	3½%	3½%
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						

Bank of England rate of discount	4½%	London Paris on	T/T 124.05
Bank of France rate of discount	3½%	New York on London	T/T 485 5/8
London open Market of Dis. 3 m/s	4 3/8%	Bombay on London	T/T 1/6
,, 4 ,,	4⅜%	Hongkong on London	T/T 2 0¼
,, 6 ,,	4⅜%	Kobe on London	T/T 1/10 5/8